

TO: THE MEMBERS OF THE RUTHERFORD COUNTY BOARD OF COUNTY COMMISSIONERS

The proposed budget for fiscal year 2009-2010 is presented for your consideration. This budget is based on a tax of 53 cents per \$100 valuation. The following budget message is divided into the following sections:

I.	Introduction	page	2-5
II.	Property Value/Revenue	page	5-9
III.	Rutherford County Fund Balance	page	9-11
IV.	Potential Items for Budget Expansion	page	11-13
V.	Medicaid	page	13-15
VI.	Significant Project Updates	page	15-17
VII.	General Fund Summary	page	18
VIII.	Building Fund	page	18-20
IX.	Schools Capital Reserve Fund	page	20-21
X.	Water & Sewer Capital Reserve Fund	page	21
XI.	Equipment and Vehicle Lease Purchase	page	21
XII.	Zero Based Budgeting	page	21-22
XIII.	Statistical Profile of Rutherford County Budget and Tax Rate	page	22-23
XIV.	Ten County Departmental Survey	page	23-25
XV.	Departmental Comparison	page	26-27
XVI.	FY 2009-2010 General Fund Revenue and Expense by Department	page	27-28
XVII.	Recommended FY 2009-2010 General Fund Revenue	page	29-30
XVIII.	Recommended FY 2009-2010 General Fund Expenditures	page	31-41
XIX.	Other Funds	page	41-47
XX.	Summary of Recommended Budget for All Funds	page	47

Summary of Appendixes

Appendix A	Isothermal Community College
Appendix B	Exemptions, Exclusions, and Deferment
Appendix C	EMS
Appendix D	Special Appropriations
Appendix E	Utility Saving Initiative
Appendix F	Building Fund
Appendix G	Equipment and Lease Purchase
Appendix H	Zero Based Budgeting
Appendix I	Statistical Profile of Rutherford County
Appendix J	Departmental Comparison

I. INTRODUCTION

Introduction Summary

The current economic recession has created many budgetary hardships for the FY2008-2009 and FY2009-2010 budgets. As the Board was informed during this fiscal year, many cuts were made in the existing budget based on these economic realities. Total general fund requests for FY2009-2010 are \$57,935,756. This is a decrease of \$4,256,821 or <6.84%> as compared to the FY2008-2009 original budget of \$62,192,577. The recommended FY2009-2010 general fund budget totals \$57,071,064. This is a decrease of \$5,121,513 or <8.23%> as compared to the FY2008-2009 original budget. The budget message details the cuts made to achieve a budget with no tax increase. It entails various cuts in county departments and the expenditure of fund balance. There are four principle recommended ways to either increase or decrease funding in this budget.

- (1) Reduce the funding for schools and college. Each one percent reduction would reduce general fund expenditures by \$121,469 and \$19,201, respectively.
- (2) Raise or lower taxes. Each one cent of county taxes generates \$554,784.
- (3) Spend additional fund balance. The budget message addresses this issue in some detail.
- (4) Make additional cuts in county departments.

It should be noted that this budget does not include any of these recommendations. As just stated, this budget's priority was, as closely as possible, to maintain existing services by keeping expenditures flat while incorporating unavoidable increases in some areas, spending a portion of fund balance, keeping the largest single component of the budget -education- constant, and holding the tax rate steady.

- County departments received \$35,706,838 in FY2008-2009 and are requesting \$33,634,745 in FY2009-2010 representing a decrease of \$2,072,093 or <5.8%>.
- Both county wide departmental and individual departmental meetings were held by county staff in preparation of the FY2009-2010 budget. Each department was given a suggested operational budget target for its FY2009-2010 budget. Some departments, such as the Department of Social Services and the Sheriff's Department, have a very difficult time making reductions. The current economic conditions impact the number of people these departments serve or the call volume to which they respond. These are by far the two largest departments.
- The County Schools and the College are the major outside agencies funded by the County. The County Schools received \$12,146,850 in FY 2008-2009 and are requesting \$12,204,850 in FY2009-2010. This \$58,000 increase is approximately .48%. Likewise, the College received \$1,920,115 in FY2008-2009 and is requesting \$1,912,715 in FY2009-2010. This is a \$7,400 decrease or <0.39%>. See **Appendix A, Isothermal Community College**.
- Requests from other areas including transfers to other funds, special appropriations, court facilities, mental health, health department, capital, legal, medical examiner and coroner and forestry decreased \$2,235,328 from a total

of \$12,418,774 to \$10,183,446 or <18%>. The full listings of these items are on pages 40-41.

These total requests of \$57,935,756, if fully funded, would have necessitated a tax rate of 57.36 cents. Each one cent raises \$554,784 in property tax revenue.

The chart below entitled FY2009-2010 Rutherford County Budget represents the FY2008-2009 original budget, the FY2009-2010 request, and the recommended FY2009-2010 budget.

FY 2009-2010 RUTHERFORD COUNTY BUDGET					
				Increase	
	Original	Requested	Recommended	<Decrease> from	% Change
	Budget	Budget	Budget	Original to	2008-2009 Original
	FY 2008-2009	FY 2009-2010	FY 2009-2010	Recommended	2009-2010 Recommended
County Departments	\$35,706,838	\$33,634,745	\$33,172,145	<\$2,534,693>	<7.10>%
Schools	\$12,146,850	\$12,204,850	\$12,146,850	\$0	0%
College	\$1,920,115	\$1,912,715	\$1,912,715	<\$7,400>	<0.39>%
Other	\$12,418,774	\$10,183,446	\$9,839,354	<\$2,579,420>	<20.77>%
TOTAL	\$62,192,577	\$57,935,756	\$57,071,064	<\$5,121,513>	<8.23>%

The FY2009-2010 recommended budget is an approximate 8.23% decrease from the FY2008-2009 original budget. The total County Department decrease is \$2,534,693 or <7.10%>. This decrease can mainly be attributed to the decline in DSS Programs of approximately \$2.5 million due to the effect of the Medicaid swap legislation offset by other program increases. The final phase of the Medicaid swap will occur in FY2009-2010. The FY2008-2009 original budget for Medicaid was \$2,677,824. The estimate for Medicaid for FY2009-2010 is \$8,000 representing a decrease of \$2,669,824. The \$8,000 cost that remains represents Medicaid transportation direct reimbursements that require a 50% County contribution. Offsetting the Medicaid decrease is an increase in Child Day Care of \$190,000 which is 100% funded with federal and state dollars and has no county cost.

Additional decreases were made in other County department's salary and operations lines in order to absorb unavoidable budget increases and keep the County department expenditures at a minimum. Corporate 74 grant repayments of \$339,116 are included in the budget. Also, due to increases in premiums in the State Health Plan, the budget also includes an 8.9% increase in health insurance premiums effective July 1, 2009 and also includes an expected 5% increase in dental rates effective July 1, 2009. These two increases will cost \$121,913. We also expect an increase in the percent of payroll required for retirees' health insurance. We have budgeted for the percent of payroll to go from 4.1% to 4.5% at a cost of \$52,231. In addition, new eligibility rules for 911 expenditures have required the general fund to absorb GIS and addressing expenditures that were previously charged to the 911 Fund in the amount of \$236,563. Finally, maintenance for the public safety fiber network that is currently being constructed is budgeted at \$55,000. Reductions in other areas had to be made to absorb these additional costs of \$967,206.

In summary, excluding the \$2.5 million net decrease in the DSS programs, the total budget for county departments decreased by an additional \$35,000 from the FY2008-2009 original budget. This was accomplished even though significant increases totaling \$967,206 (see chart below) had to also be absorbed. In effect, departments cut budgets by \$1,002,206 (\$35,000 + \$967,206), or 2.81% in order to

maintain FY2008-2009 levels. These cuts occurred following reductions in excess of \$1 million in FY2008-2009.

Due to the overall economic condition and the severe loss of county revenue, the schools were recommended with no increase above their FY2008-2009 allocation. The college was recommended, at their request, a \$7,400 reduction from the previous year. While county department budgets have decreased by 7.10%, this budget recommends that the schools be held at the current funding.

The following items are those that reflect a significant spending increase in next year's budget.

SIGNIFICANT INCREASES FROM FY 08-09 TO FY 09-10	
3 months salary (1)	\$83,729
Debt Service (2)	\$78,654
Corporate 74 Grants (3)	\$339,116
Health Insurance (4)	\$174,144
Fiber (5)	\$55,000
GIS/Addressing Expenditures (6)	\$236,563
Total Significant Increases	\$967,206

1. **Cost of three months pay raise.** A 2.5% salary increase was effective 10-1-08. Annualized for one year, this is an \$83,729 increase.
2. **Debt service will increase by \$78,654.** This is partially due to the county purchasing \$1,519,638 in capital items financed through lease purchase in the general fund in FY2008-2009 and budgeting 5 months of payments in FY2008-2009. The FY2009-2010 budget includes 5 months of debt service totaling \$45,646 for new capital items. These two increases are offset by the termination of other capital leases that will occur during FY2009-2010. The net effect of this is an increase in debt service of \$78,654.
3. **Grants-Rutherford 74 Corporate Center:** Rutherford County received the following three grants to complete the infrastructure requirements of Rutherford 74 Corporate Center.

RUTHERFORD 74 CORPORATE CENTER GRANT PAYBACK		
Name of Grant	Amount	1/3 Payback
Community Dev. Block Grant (CDGB)	420,000	140,000
Appalachian Regional Commission Grant (ARC)	170,613	56,871
Rural Center	426,735	142,245

The grants were received based on commitments made by RC Motorsports. Based on the failure of RC Motorsports to fulfill those commitments, the county is budgeting grant paybacks representing one third of each grant each year beginning in FY2009-2010. The county has filed a lawsuit against RC Motorsports to recover grant costs for which

RC Motorsports had signed Performance Agreements. That lawsuit is, as of yet, unresolved.

4. **Health and Dental Insurance:** Rutherford County joined the State Health Plan effective July 1, 2005. Effective July 1, 2009 individual health premiums will increase 8.9% for active employees and we anticipate a 9.75% increase for retired employees. In addition, we anticipate a 5% increase in dental insurance which will cover the next two years. The total anticipated increase in insurance would be \$174,144.
5. **Fiber:** The installation of 32 miles of fiber will increase the maintenance cost for fiber. Initial estimates of that cost are \$55,000.
6. **GIS/Addressing expenditures:** The State 911 Board has implemented new eligibility rules for 911 expenditures. Certain expenditures that the County has charged to the 911 Fund in the past are no longer 911 eligible according to the newly established criteria. This change in the 911 eligibility rules will require the general fund to absorb GIS and addressing expenditures that were previously charged to the 911 Fund in the amount of \$236,563. A more detailed discussion of this can be found on page 42.

II. PROPERTY VALUE/REVENUE

COMPREHENSIVE TAX VALUE ESTIMATES 2008-2009 VERSES 2009-2010 (newest revisions)

	2008-2009	2009-2010	Estimated	Percent
	Actual	Estimate	Gain/(Loss)	Change
Real Property	4,979,533,618	5,055,400,000	75,866,382	1.52%
Personal Property	42,980,305	40,000,000	(2,980,305)	(6.93%)
Business Personal Property	334,651,910	326,300,000	(8,351,910)	(2.50%)
Public Utility Values	293,400,930	276,100,000	(17,300,930)	(5.90%)
DMV Value	402,654,852	400,900,000	(1,754,852)	(0.44%)
subtotals	6,053,221,615	6,098,700,000	45,478,385	.75%
Less Homestead Exemption	59,514,150	62,000,000	2,485,850	4.18%
Less Exempt & DAV1	2,032,800	5,000,000	2,967,200	145.97%
Less Present Use Value (deferred)	113,914,400	114,000,000	85,600	0.08%
subtotals	(175,461,350)	(181,000,000)	(5,538,650)	3.16%
TOTAL	5,877,760,265	5,917,700,000	39,939,735	0.68%

The previous chart "Comprehensive Tax Value Estimates 2008-2009 Verses 2009-2010" illustrates that, based on the information entered on the tax scrolls at this time, the county estimates an overall increase in property values of .68%. The tax office will continue to gather data over the next few weeks. Many factors are affecting the budget estimates that were not a part of prior budget estimates. The economy is a major factor in this year's budget. It has contributed to the decline in machinery and equipment with plant closings, company's not purchasing new equipment and further depreciation of assets. Motor vehicle value has declined as well due to vehicles not being replaced. Even real estate is subject to the economy as evident by the loss of revenue from Grey Rock which is discussed in more detail below. Exemption and deferment values have eroded the tax base as the demand to relieve the tax burden affects more people. The low income elderly and recently changed disabled veterans exemptions show a

significant increase and will continue to increase as more county residences qualify. New legislation will impact the low income housing (section 42) for the elderly and decrease additional value from the tax base. The unemployment rate, in addition to the bankruptcy of LR Buffalo Creek, LLC (Grey Rock), has contributed to a decline in the property tax collection rate. All of these factors have decreased the collection of taxable revenue. In addition, public utility values will not be received from the Department of Revenue until September 2009, but the tax base should receive an increase in public utilities from the Duke Energy project. The above projection of public utility values does not reflect an increase at this time.

Grey Rock could potentially impact the county in two different ways. The development company, LR Buffalo Creek, LLC is currently in bankruptcy. The county is currently owed one year of delinquent taxes in the amount of \$474,750 (\$457,469 County, \$17,281 Fire) for FY2008-2009 and will be owed one year of current taxes in the amount of \$474,750 (\$457,469 county, \$17,281 Fire) for FY2009-2010. The current bankruptcy order would direct payment of both of the years of Grey Rock taxes by a current bidder of certain Grey Rock properties, but the final outcome of this process will not be known until August, 2009. Therefore, no taxes for either FY2008-2009 or FY2009-2010 have been budgeted. In addition, 91 property owners currently owning 118 lots valued by the county at \$23,468,600 (tax amount \$129,077) are currently being appealed to the county's Board of Equalization and Review. The Tax Department's interpretation of the General Statutes is that these circumstances do not qualify for a current reduction and these lots would need to be reassessed at the 2011 revaluation. Likewise, 9 property owners in Queens Gap owning 10 Queens Gap parcels valued by the county at \$4,073,300 (tax amount \$ 22,403) are also being appealed. The Queens Gap situation is very different from Grey Rock. This budget does not provide for any tax value reduction based on current appeals by property owners who had bought lots in either Grey Rock or Queens Gap.

In summary, the FY2009-2010 estimated values do not include any increase from the Duke Energy Cliffside Project nor do they include any decrease based on current appeals that have been requested by individuals who own lots at Grey Rock and Queens Gap. The property tax collection rate for FY2009-2010 considers that the County will not receive any 2009 taxes from the LR Buffalo Creek, LLC (Grey Rock) bankruptcy settlement and anticipates a further decline in property tax collections based on the economy. The estimated 2009-2010 property tax revenues of \$29,403,572 are based on a value of \$5,917,700,000 at a tax rate of 53 cents at a collection rate of 93.75%. The net value of one cent of property tax under this scenario is \$554,784. To put the collection rate in perspective, the property tax collection rate in FY2007-2008 was 96.41%. The annual property taxes owed by LR Buffalo Creek, LLC account for 1.5% of this decline in the collection rate.

As one new feature to the budget message, we have included a chart in **Appendix B** entitled **“Exemptions, Exclusions and Deferment”**. This chart will allow the county to track legislation as it impacts the county's ad valorem revenue. The ultimate effect of these exemptions, exclusions and deferments as it lowers the tax implication on one segment of taxpayers is an increase on the remaining taxpayers.

After property taxes, sales tax is the second largest revenue stream for the county. The economy coupled with the Medicaid swap has had a major impact on the County's sales tax revenues. A chart comparing sales tax revenues over a three year period is shown below:

Rutherford County Sales Tax				
FY 2007-08 Actual through FY 2009-10 Recommended				
		FY 08-09		
	FY 07-08	Original	FY 08-09	FY 09-10
	<u>Actual</u>	<u>Budget</u>	<u>Estimate</u>	<u>Budget</u>
Article 39 one cent	\$ 4,376,096	\$ 4,240,000	\$ 4,450,000	\$ 4,400,000
Article 44 hold harmless	\$ -	\$ (150,000)	\$ (200,000)	\$ (395,000)
Total Article 39	\$ 4,376,096	\$ 4,090,000	\$ 4,250,000	\$ 4,005,000
Article 40 one-half cent	\$ 3,076,644	\$ 3,076,951	\$ 2,823,454	\$ 2,795,220
Article 42 one-half cent	\$ 3,057,718	\$ 3,058,823	\$ 2,803,622	\$ 2,362,225
Article 42 hold harmless	\$ -	\$ -	\$ -	\$ (90,000)
Total Article 42	\$ 3,057,718	\$ 3,058,823	\$ 2,803,622	\$ 2,272,225
Article 44 one-half cent	\$ 2,279,979	\$ 1,378,851	\$ 1,150,000	\$ 215,000
Total Sales Tax	\$ 12,790,437	\$ 11,604,625	\$ 11,027,076	\$ 9,287,445

Total sales taxes are projected to come in at \$11,027,076 in FY2008-09 which is \$1,763,361 less than the FY2007-08 actual total of \$12,790,437. While we were anticipating a decrease in FY2008-09 due to the Medicaid swap which was incorporated into the FY2008-09 budgeted sales tax total of \$11,604,625, we are projecting an additional loss that was unexpected at the time the FY2008-09 budget was being prepared of \$577,549 due to the economy. We are anticipating total sales tax revenues to be \$9,287,445 in FY2009-10 representing an additional loss of \$1,739,631 due to both the Medicaid swap and the economy. The total loss over the two year period due to both the economy and the Medicaid swap is \$3,502,992 when comparing the FY2009-10 budget to the FY2007-08 actual.

The Article 39 one cent sales tax used to fund General Fund operations and the Water and Sewer Fund is projected to come in at \$4,250,000 in FY2008-09 which is \$160,000 above the FY 2008-09 budgeted amount of \$4,090,000 but \$126,096 below the FY 2007-08 actual amount of \$4,376,096. This article is expected to continue to decline to \$4,005,000 in FY 2009-10 due to two items. First, we anticipate a 1% decrease due to the economy. Second, this article is being reduced by the amount required to hold the cities harmless from Article 44 losses.

The Article 40 and 42 two one half cent sales taxes are used to fund the Schools Capital Reserve Fund, the County Building Capital Reserve Fund and the ICC Capital Reserve Fund. These articles are projected to decrease 8% in FY2008-09 representing a loss of approximately \$510,000. Three items will lead to a continued decline in FY2009-10. First, the State has projected an additional 1% decline due to the economy in FY2009-10. These two articles of tax *historically have a growth rate of 4-5%*. An 8% decline in one year followed by a 1% decline in the following year

is unprecedented. Second, Article 42 will be converted from a per capita basis to a point of sale basis in October 2009 as part of the Medicaid swap which will cause a further reduction. Third, the County is required to hold the cities harmless from the loss to them due to this conversion which will result in an even further reduction. Given all these occurrences, the losses for these two articles of tax over the two year period total \$1,066,917 given a FY2007-08 actual amount of \$6,134,362 and a FY2009-10 budget of \$5,067,445.

The State began taking one-half of the Article 44 tax in October 2008 as part of the Medicaid swap and will take the remainder of the tax in October 2009 as part of the Medicaid swap. This tax is used to fund General Fund operations. The FY2007-08 actual Article 44 revenues were \$2,279,979. Due to the Medicaid swap, the County budgeted it at \$1,378,851 in FY2008-09 and due to the economy it is projected to come in at \$1,150,000 or \$228,851 under budget. The takeover by the State in October 2009 will result in an additional loss of \$935,000 in FY 2009-10. The result is a total loss of \$2,064,979 in Article 44 over a two year period when comparing the FY2007-08 actual to the FY2009-10 budget.

The overall impact of the state Medicaid take over will be fully discussed in Section V. Medicaid.

The economic downturn has had a severe negative impact on the revenues in two departments—Building Inspections and Register of Deeds. The chart below illustrates three selected revenue sources provided by these two departments. Based on the slowdown in development and housing, these three selected revenues dropped from \$1,431,000 in FY2008-2009 to \$833,000 in FY2009-2010, a projected revenue reduction of \$598,000.

Building Inspections/Register of Deeds		
FY2008-2009 Original Budget verses (selected fees)		
	FY2009-2010 Proposed Budget	
	FY2008-2009	FY2009-2010
Register of Deeds, Excise Stamps (net)	\$ 468,000	\$208,000
Register of Deeds, Other Revenues	\$ 455,000	\$325,000
Building Inspections, Permits	<u>\$ 508,000</u>	<u>\$300,000</u>
	\$1,431,000	\$833,000

Due to decreasing interest rates and the reduction of fund balance, interest income is continuing to decline. In FY2008-2009, we originally budgeted \$375,000. We are estimating receiving \$300,000 in FY2008-2009. Our recommended estimate for FY2009-2010 is \$125,000. To put the decline in interest earnings due to declining interest rates and a declining fund balance in perspective, FY2006-2007 general fund interest earnings were \$969,102.

Detention Center fees also account for a large revenue drop. In FY2008-2009, Rutherford County budgeted \$500,000. We are estimating that we will receive \$220,000 in FY2008-2009 and \$240,000 in FY2009-2010. The opportunity to house out of county inmates has decreased due to the completion of detention facilities in other counties.

Lastly, increased fees are recommended in EMS. The proposed rates are based on Medicare's fee schedule which is normally revised annually. Medicare is

approximately 54% of the EMS revenues. If our charges do not mirror those Medicare rates, the county essentially loses money because of our rate structure. This rate increase is discussed in greater detail in **Appendix C, EMS**. By implementing this increase, \$100,000 has been added to this budget under EMS revenues.

III. RUTHERFORD COUNTY FUND BALANCE **Prelude to FY2009-2010 Budget**

During the fiscal year ending June 30, 2009 the county made two rounds of cuts to departmental budgets. The County was notified in the first quarter of FY2008-2009 that our second largest taxpayer, LR Buffalo Creek LLC (Greyrock), was filing for bankruptcy. In addition, Building Permit and Excise Stamp revenues declined. In response, in October 2008 all county departments reduced their budgets by 2%, a hiring freeze was implemented, a scheduled pay and reclassification study was postponed and merit salary bonuses were eliminated. In March 2009, due to declining sales tax revenues in our January and February sales tax distribution and the volatility of revenues in general, an additional round of cuts was made. The two reductions reduced the current budget by over \$1,000,000. Outside agencies such as the schools and the college did not revert any currently budgeted county funds.

Fortunately, the county has worked very hard to build a strong fund balance over the last several years. In the recently released Rutherford County Debt Report it stated that the county had increased its fund balance by approximately \$1,800,000, specifically \$1,806,981 in FY2007-2008. It further stated that based on the quickly evolving budget crisis, our recommended budget goal is centered around spending an equivalent amount of fund balance that was added in FY2007-2008, in FY2008-2009, and in FY2009-2010 to lessen the overall impact of those revenue shortfalls.

The following chart shows Rutherford County's fund balance available for appropriation will increase from \$9,621,369 on 6-30-08 to an estimated \$12,125,372 on 6-30-09. This net increase is due to the reimbursement of \$3,150,000 from the financing for a portion of the Daniel Road properties offset by annual expenditures over revenues in the amount of \$645,997. The FY2008-2009 budget initially budgeted \$1,171,036 in fund balance. The fund balance budgeted during the year increased the total to \$1,766,985.

Estimated Fund Balance Available for Appropriation 6-30-09		
General Fund Balance Available for Appropriation 6/30/08		\$ 9,621,369
Financing Reimbursement Daniel Rd Property		3,150,000
Estimated Expenditures over revenues FY2008-2009		(645,997)
Estimated Fund Balance Available for Appropriation 6/30/09		\$ 12,125,372
Average percent fund balance for county units between		
50,000 and 99,000		24.84%
Statewide average fund balance		20.18%
Rutherford County's percent of fund balance		20.81%
General Fund (excluding lease purchase)	\$ 49,575,348	
DSS other revenue	8,679,982	
Total	\$ 58,255,330	

25% operating expense (Optimum reserve fund balance as recommended by the Local Government Commission)		\$ 14,563,832
8.33% operating expense (Minimum reserve fund balance as mandated by the Local Government Commission. If less than this unit is considered to have cash flow problems)		\$4,852,669

The principle reason for the anticipated \$645,997 in fund balance that will be spent in FY2008-2009 is lease purchase capital items that were budgeted but unspent in FY2007-2008 and were therefore carried forward to FY2008-2009. The FY2008-2009 estimates project that all lease purchase capital funds will be spent prior to June 30, 2009. If these funds are not spent, they will go into fund balance on June 30, 2009 and be re-appropriated early in FY2009-2010.

We have stated in previous budget messages, based on historical data and financial projections of the county, a certain amount of the general fund balance would be unspent at the end of any fiscal year. Historically, we have estimated that percentage at 2%. We are reducing that fund balance estimate not to be spent to 1.05%, or approximately \$600,000, in the FY2009-2010 budget. Because budget line items have been reduced to the point that there is little room for unexpended appropriations, making this decrease from 2% to 1.05% was deemed to be prudent.

Based on the recommended budget, the following chart reflects the FY2009-2010 budget as it relates to fund balance.

FY2009-2010 BUDGET/FUND BALANCE	
Fund balance 6-30-07	\$15,018,433
Fund Balance 6-30-08	16,825,414
Increase in Fund Balance	1,806,981*
*(Proposal: Spend this fund balance increase to balance the FY2008-09 and FY2009-10 budgets)	
Estimated Fund Balance to be spent in FY2008-09	645,997
Remaining estimated Fund Balance Available for FY2009-10 based on proposal outlined above	1,160,984
FY2009-2010 Projected Revenue (excluding General Fund Balance Appropriations)	55,310,080
FY2009-10 Projected Expenditures	\$57,071,064
Expenditures over Revenues (excluding fund balance)	\$1,760,984
Fund Balance that could be appropriated and is estimated to not be spent in FY2009-10 budget (1.05%)	600,000
Fund Balance based on current expenditures that is estimated to be spent in FY2009-10 budget	1,160,984
Estimated Fund Balance 6-30-2010	\$15,018,433
Projected FY2009-2010 Revenue (including fund balance)	\$57,071,064
Projected FY2009-2010 Expenditure	\$57,071,064

Since the 2002 Revaluation, the County has budgeted fund balance each year prudently and conservatively. From 2002-2009 the fund balance available for appropriations has grown from \$5,482,499 to \$12,125,372 which is 13.61% to 20.81% of the budget respectively. This increase in fund balance provides the county much greater financial stability. In addition, it has eased cash

flow issues. Furthermore, it has a positive effect as the county borrows funds from the standpoint of rating agencies.

Because of the unprecedented economic downturn, spending \$1,806,981 in fund balance in FY2008-09 and FY2009-2010 would greatly aid the county in weathering this recession. If this plan is approved, the county should enter FY2010-11 with a 19.31% fund balance which is still in a healthy range. Each \$500,000 spent from fund balance reduces the percentage .88%.

IV. POTENTIAL ITEMS FOR BUDGET EXPANSION

Each year there are traditionally budget items that are recommended for consideration for budget expansion. This year there are no expansion items recommended for consideration with one exception.

Special appropriations represent private non-profit organizations and other agencies that the county determines are important for county operation and as such, make a contribution to their operation decisions. A new format was sent to these non-profits with the request that they be submitted for budget consideration. The forms submitted by each agency are in **Appendix D, Special Appropriations**. The appropriate page numbers that these forms can be found at in that Appendix are listed to the left of each agency's name in the chart below. At the April Commissioners meeting, the following appeared in the agenda.

“The information included was sent to all non-profit agencies seeking county funding in the FY2009-2010 budget. Developing a process was discussed at the June 25, 2008 Commissioners' meeting. The county manager recommends that the following staff be included on the review committee on these request—County Manager, Finance Director, EMS Director, Sheriff or Chief Deputy, County Planner and one or two County Commissioners. The committee's recommendations will be presented to the entire Board.”

Since at a minimum, three of the five commissioners wanted to serve on this committee, I would recommend a change in procedure from what was discussed in the April meeting. The chart below, Special Appropriation over Three Years, provides the last two years of appropriation requests, and the request for FY2009-2010. Traditionally, Commissioners have started with the previously approved request as a baseline to begin for the next year. This budget, in column three of the chart below, lists the requests with no recommendations, other than a few exceptions which are explained below. A recommended allocation of \$385,000 for special appropriations is included in the budget.

Special Appropriations over Three Years

Appendix		Final Budget	Final Budget	Request	Approved
Page #		FY 2007-08	FY 2008-09	FY 2009-10	FY 2009-10*
	Heritage/Cultural/Recreation/Agricultural				
1	FOOTHILLS CONNECT**	100,000	100,000	50,000	
-	UBRWPP	10,000	10,000	-	
-	PRESERVATION NC \$5k 09 \$5k 10***	-	5,502	5,000	5,000
6	FARM MUSEUM	-	4,000	4,000	
-	CONTRIBUTION TO MCNAIR STADIUM	150,000	-	-	

16	NC WILDLIFE BEAVER MNGT PROGRAM+	-	-	4,000	
20	FOOTHILLS CONSERVANCY OF NC	-	5,000	2,500	
24	GENEALOGICAL SOCIETY OF OLD TRYON	10,000	4,800	4,800	
-	BECHTLER MINING DOCUMENTARY*****	-	5,000	5,000	5,000
104	RUTHERFORD COUNTY ARTS COUNCIL+			5,000	
-	ELLENBORO OLD DEPOT	-	4,000	-	
-	CONTRIBUTION TO COUNTY HISTORIAN	6,000	6,000	6,000	6,000
	Public Safety				
27	RUTHERFORD CO TRAFFIC CONTROL	7,090	7,303	12,890	
31	RUTHERFORD COUNTY SEARCH & RESCUE	1,147	1,181	2,000	
36	RUTHERFORD RESCUE OPERATIONS	40,777	42,000	42,000	
-	RUTHERFORD CO RESCUE CAPITAL*****	26,408	27,200	27,200	19,979
41	HICKORY NUT RESCUE OPERATIONS	95,526	98,392	111,580	
-	HICKORY NUT RESCUE CAPITAL OUTLAY*****	20,000	20,000	20,000	20,000
47	VOLUNTEER LIFESAVING OPERATIONS	36,113	33,700	53,000	
-	VOLUNTEER LIFESAVING CAPITAL*****	20,422	24,530	26,000	13,982
51	RUTHERFORD CO AIR RESCUE SQUAD	5,636	5,805	6,000	
	Administrative/Supporting Agencies				
-	FUTURE FORWARD	3,165	3,165	3,165	
-	IPDC HOUSING PROGRAM ADMIN	-	2,000	-	
54	ISOTHERMAL PLANNING COMM DUES****	11,130	12,689	12,655	12,655
	Health/Community				
57	COMMUNITY CLINIC OF RUTHERFORD	\$ 5,250	\$ 5,408	\$ 10,000	
65	WNC COMMUNITIES	2,500	2,500	2,500	
84	VOLUNTEER RUTHERFORD	1,000	800	1,000	
88	UNION MILLS LEARNING CENTER+	-	-	7,000	
94	CLIFFSIDE CLOCK REPAIRS+	-	-	5,000	
-	CONT TO CLIFFSIDE SANITARY DISTRICT	-	55,000	55,000	
97	CONTRIBUTION TO RURAL DEV COUNCIL	3,000	3,000	2,700	
101	PEARIDGE RURITAN CLUB+	-	-	10,000	
	AVAILABLE FOR SPECIAL APPROPRIATION GRANTS				302,384

	TOTALS	\$ 555,164	\$ 488,975	\$ 495,990	\$ 385,000
	* We will be sending Commissioners a budget worksheet on special appropriations at a later date.				
	** The County was required by the e-NC grant to contribute \$100,000 per year to Foothills Connect in FY 2007-08 and				
	FY 2008-09. The request for \$50,000 in FY 2009-10 is for a specific program at Foothills Connect.				
	*** The Board voted in August 2008 to commit \$5000 in FY 2008-09 and \$5000 in FY 2009-10 plus closing costs to				
	Preservation NC in connection with the purchase of the Biggerstaff Hanging Tree property.				
	**** These are annual dues to the Isothermal Planning and Development Commission and cover the County's				
	membership in the regional Council of Government.				
	***** In the FY 2008-09 budget process, the Board voted to commit \$5000 per year for five years to the Bechtler				
	Mining Documentary.				
	*****The capital outlay allocations are for ambulance debt service payments that the County has financed				
	for the agencies.				

+ Represents agencies who were previously unfunded.

The submitted form by each agency is included in **Appendix D, Special Appropriations**. County department's comments are due by May 11 and will be provided to your shortly thereafter. A target amount to budget for special appropriations is recommended at \$385,000. Commissioners, as a group, would make their recommendation on the amount to be funded for each organization.

V. MEDICAID

During the 2007 legislative session, the State legislature passed a bill that resulted in the State's gradual take over of Medicaid in exchange for the Article 44 sales tax.

The first phase of this take over began in Fiscal Year 2007-2008. The County's share of Medicaid dropped by 25% beginning in November 2007. To help the State absorb its increased share of the Medicaid costs in FY 2007-2008, the State withheld a portion of the ADM funds that it distributes to the Public Schools Capital Fund. FY2007-2008 was the only year that this was to be done due to the Medicaid swap and counties were required to hold the schools harmless from the state's withholding this ADM. The net positive effect for FY2007-2008 was \$712,813 when actual expenditures are compared to budget.

FY 2007-2008 Summary			
	Medicaid	ADM Hold Harmless	Total
FY 2007-08 Budgeted Expenditures	\$ 4,918,703		\$ 4,918,703
FY 2007-08 Actual Expenditures	\$ 3,825,905	\$ 379,985	\$ 4,205,890
Net Positive Effect in FY 2007-2008 Compared to Budget			\$ 712,813

The second phase of the Medicaid takeover by the State occurred in FY2008-2009. The State assumed 50% of the county's cost of Medicaid in July 2008 and in exchange began to receive one-half of the county's portion of Article 44 effective October 1, 2008. As the State takes the Article 44 tax, counties must hold cities harmless so that the cities do not see a reduction in their revenue, nor are they penalized for any growth that may have occurred in this tax. The State estimates what the cities portion would have been and withholds it from the county's sales tax distribution. In addition to the effect of the Medicaid swap at the State level, the Federal Stimulus package included Medicaid funds retroactively to October 1, 2008 and as a result the State and County portion of Medicaid dropped even further. When comparing the FY2007-2008 actual figures to the FY2008-2009 estimates, the net effect will be a positive variance of \$1,315,911. The following chart summarizes this.

FY 2008-2009 Summary	
Expenditures	
FY 2007-08 Actual Medicaid Expenditures	\$ 4,205,890
FY 2008-09 Estimated Medicaid Expenditures	\$ 1,960,000
Reduction in Expenditures FY 07-08 to 08-09	\$ 2,245,890
Revenues	
FY 2007-08 Actual Article 44 Sales Tax	\$ 2,279,979
FY 2008-09 Estimated Article 44 Sales Tax	\$ 1,150,000
FY 2008-09 Estimated Cities Hold Harmless	\$ (200,000)
Reduction in Revenues FY 07-08 to 08-09	\$ 929,979
Net Positive Effect on FY2008-2009 vs. FY2007-2008	\$ 1,315,911

Please note that the chart above compares revenues and expenditures from FY2007-2008 to FY2008-2009. When comparing FY2008-2009 budgeted amounts to FY2008-2009 current estimates, there is a \$438,973 positive variance in the FY2008-2009 budget. Medicaid was budgeted at \$2,677,824 for FY2008-2009 and is now estimated at \$1,960,000. However, the decline in sales tax revenues has led to a negative variance in the Article 44 sales tax revenues of (\$278,851).

The final phase of the Medicaid takeover will occur in FY2009-2010. As of July 1, 2009, the County will no longer pay for Medicaid as it relates to the direct benefit of recipients with the exception of an estimated \$8,000 that represents Medicaid transportation direct reimbursements that will continue to require a 50% County contribution. In addition, the State will assume the remainder of the Article 44 sales tax and the Article 42 sales tax will convert from per capita to point of sales effective October 1, 2009. The cities will be held harmless from any losses from the Article 42 and Article 44 conversions, including any growth that would have occurred. When comparing the FY2008-2009 estimated figures to the FY2009-2010 estimates, the net effect will be a positive variance of \$290,603. The following chart summarizes this.

FY 2009-2010 Summary	
Expenditures	
FY 2008-09 Estimated Medicaid Expenditures	\$ 1,960,000
FY 2009-10 Estimated Medicaid Expenditures	\$ 8,000
Reduction in Expenditures FY 08-09 to FY 09-10	\$ 1,952,000
Revenues	
FY 2008-09 Estimated Article 44 Sales Tax	\$ 1,150,000
FY 2008-09 Estimated Article 42 Sales Tax	\$ 2,803,622

FY 2008-09 Estimated Cities Hold Harmless	\$ (200,000)
FY 2009-10 Estimated Article 44 Sales Tax	\$ 215,000
FY 2009-10 Estimated Article 42 Sales Tax	\$ 2,362,225
FY 2009-10 Estimated Cities Hold Harmless	\$ (485,000)
Reduction in Revenues FY 08-09 to FY 09-10	\$ 1,661,397
Net Effect on FY 2009-2010	\$ 290,603

Please note that the above charts do not take into consideration what would have happened if the swap had not occurred. It only shows the change in County revenues and expenditures from year to year.

VI. SIGNIFICANT PROJECT UPDATES

Health Insurance-State Health Plan-Rutherford County joined the State Health Plan effective July 1, 2005 as part of a pilot project offered by the state. The Rutherford County Health Plan consists of Rutherford County employees, Rutherford-Polk-McDowell District Health employees, and Rutherford- Polk Mental Health retirees. The chart below estimated the projected savings from the prior health plan verses the State Health Plan from July 1, 2005 to July 1, 2010.

Estimated Annual Savings of Rutherford Health Plan as a Participating Member of the State Health Plan Fiscal Year

Fiscal Year	Annual Savings	Cumulative Savings
FY2005-2006	\$444,795	\$444,795
FY2006-2007	\$627,968	\$1,072,763
FY2007-2008	\$761,376	\$1,834,139
FY2008-2009	\$659,525	\$2,493,664
FY2009-2010	\$735,446	\$3,229,111

As it has been widely reported, the State Health Plan has experienced significant financial problems. Rutherford County budgeted a 8.9% increase for regular employee premiums and an increase from 4.1% of payroll to 4.5% of payroll for retirees insurance. While the 8.9% increase for regular employees is final, the 4.5% rate for retirees is not final. In addition to the as yet to be finalized retiree health insurance increase, there are retiree eligibility issues outstanding that have been discussed between county staff, state staff, state elected officials and Commissioners. It is also still possible that the county will have to pay the State the difference between the retiree insurance premiums that were invoiced by the State and paid from July 1, 2005 through June 20, 2008 and the percent of payroll that the State says should have been paid. This difference is \$836,562.

Mental Health Funds-Western Highlands, Local Management Entity (LME) formed as a result of the merger of three Area Programs—Blue Ridge, Rutherford-Polk, and Trend- and began operations January 1, 2004. The chart below represents the Behavioral Grants awarded in FY2007-2008 and FY2008-2009.

Rutherford County Mental Health Funds

Dissolution Funds Remaining from District Authority	\$237,152
Rutherford County MOE remaining from FY2006-2007	\$68,112
Rutherford County Maintenance of Effort (MOE) for FY2007-2008	\$102,168
Total Funds Available for FY 2007-2008	\$407,432
FY2007-2008 Awards	
Parkway Behavioral Emergency Services Function continuation	\$35,000 Plus continue to receive office space at no cost through 6-30-08

Family Preservation	- Plus continue to receive office space at no cost through 6-30-08
Both Parkway and Family Preservation-Recruitment costs	\$66,823
Rutherford Life Services-Service/transport no subsidy clients	\$25,000
Total FY2007-2008 Awards	\$126,823
Total funds to carry forward for FY2008-2009	\$280,609
FY2008-2009 MOE	\$102,168
Total Funds Available for FY 2008-2009	\$382,777
FY2008-2009 Awards	
CIT Training Scholarship	\$5,000
Tipton Therapeutic Day Treatment Services	\$104,670
Rutherford Life Services-Partial support 2 clients	\$18,750
Family Preservation	Plus continue to receive office space at no cost through 6-30-09
Magnolia House Van	\$15,000
Peer Van	\$6,240
Parkway Behavioral	Continue to receive office space at no cost through 6-30-09
Total FY2008-2009 Awards	\$149,660
Total Funds to carry forward for FY2009-2010	\$233,117
FY2009-2010 MOE	\$102,168
Total Funds Available for FY2009-2010	\$335,285
In FY2009-2010 Rutherford County has \$233,117 remaining in dissolution funds. In addition, there is a new allocation of \$102,168 in MOE funds budgeted. Therefore, at a minimum, there is \$335,285 available in FY2009-2010 for Mental Health projects. The local committee is currently studying those requests and will bring a set of recommended projects to Commissioners during the budget process.	

Personnel-In October 2008, it was reported to Commissioners the following reduction.

- (1) A hiring freeze for all public safety positions not posted as of 8:30 am on October 21, 2008 for a minimum of 30 days from the time a position becomes vacant.
- (2) A hiring freeze for all other general fund positions not currently posted as of 8:30 am on October 21, 2008 for a minimum of 60 calendar days from the time a position becomes vacant. At that time the department head would have to state the rationale for filling the position, and it would be considered on a case by case basis by the County Manager.

During FY2008-2009, 21 positions have been vacant a total of 782 days saving approximately \$131,990 in salary and benefits. The amounts saved are as of April 24, 2009, so the amount for FY2009-2010 will exceed that number. The county is evaluating positions in order to make the best decisions regarding the current work load in departments while constantly looking to reduce expenditures. The following represent examples of the steps that have been taken.

Register of Deeds-During the FY2008-2009 budget reduction process, one office assistant in the Register of Deeds Department was assigned to image old documents for the Register of Deeds for a portion of time each week. The portion of time spent on imaging is paid out of special funds set aside in the Register of Deeds Department through state requirements that specify that those funds only be used for technological improvements. Shifting her duties in FY2008-2009 saved approximately \$6,000. Due to the volume of the work load in this department decreasing because of the housing/real estate economy, this position is now assigned to 50% imaging, saving \$17,591 in FY2009-2010.

Board of Elections/Building Inspections

The office assistant in Board of Elections has been vacant since November, 2008. It was planned to leave this position vacant until early in FY2009-2010. During FY2009-2010 the county will conduct both municipal elections and state and national primaries. One stop voting is increasing. Replacing this position in anticipation of those needs with an adequate training period was deemed important. Building Inspection permits are down. It was determined that one of the two office assistants in that department would be transferred to the Board of Elections Office in April. This transfer was approved by the Board of Elections. This will allow an adequate training period in the Elections Department and Building Inspections will function with one less staff position saving \$35,121 in FY2009-2010.

Building Inspections-The State Energy Office, a section of the North Carolina Department of Administration, contacted the county and offered assistance in providing free energy audits to two county owned buildings and training on how to conduct those audits as well as implementing viable energy reduction programs. Due to the slowdown in building permits, the county has assigned a building inspector to receive the training and develop a comprehensive energy program in FY2009-2010. Based on the initial work between the State Energy Office and the county staff, we were advised to expect an 8-10% savings in our utility bills beginning in FY2009-2010. This budget is estimating a 9% reduction, or \$44,550 dollar decrease in utility cost. In addition, the county will be actively pursuing grants to assist in this energy reduction program. **Appendix E, Utility Saving Initiative** provides information on this.

VII. GENERAL FUND SUMMARY

The current economic crisis has created budget shortfalls at the federal, state, and local level. The recommended budget for FY2009-2010 is reduced by 8.23% from FY2008-2009. The state's takeover of Medicaid has accounted for the majority of that decrease. However, in addition to the budget decline because of Medicaid and the obligations the county was required as outlined in the "Significant Increases from FY2008-2009 to FY2009-2010", county departmental budgets were reduced by over \$1,000,000. These reductions came on top of the previously documented reductions in FY2008-2009, creating an even larger cumulative impact on the FY2009-2010 budget. The county schools budget is recommended at no increase. The college budget is recommended, at their request, which is a reduction of \$7,400 or <.39%>.

There are a number of issues identified in this budget that are identified and explained but not budgeted. The major issues were as follows and will be discussed during the budget meetings.

FY2009-2010 Revenue and Expenditures Not Budgeted	
Potential FY2009-2010 Revenues	
Grey Rock Taxes FY2008-2009	\$474,750
Grey Rock Taxes FY2009-2010	\$474,750
Duke Power Expansion	unknown
Potential FY2009-2010 Expenditures	
Grey Rock & Queens Gap Tax Appeals	\$151,480
Retiree Health Insurance Payback*	\$836,562

***If this payback were to occur, it is hoped that the state would allow this to be paid back over a period of time.**

The cumulative impact of the estimated FY2008-2009 estimated budget and the recommended FY2009-2010 budget will reduce fund balance by \$1,806,981. However, even with this reduction, the county fund balance remains healthy. County Administration will continuously monitor the budgetary situation in FY2009-2010 and make the needed changes or recommendation to the County Commissioners.

VIII. BUILDING FUND

County building fund requests for FY2009-2010 were \$486,766. This was reduced to \$280,349. A full list of the annual projects is listed in **Appendix F, Building Fund**.

A five year projection of the building fund is in the chart below. The chart assumes a 2.1 cent property tax set aside.

RUTHERFORD COUNTY BUILDING CASH PROJECTION			
FISCAL YEARS 2008 TO 2014			
Fund Balance 6/30/08	\$ 2,086,461	Building Cash Available 6/30/11	\$ 1,790,354
FY 08-09 Sales Tax	\$ 1,121,449	FY 11-12 Sales Tax	\$ 862,046
FY 08-09 Property Tax	\$ 1,149,254	FY 11-12 Property Tax	\$ 1,214,384
Contribution from Court	\$ 46,367	Contribution from Court	\$ 46,367

Facilities		Facilities	
Contribution from Health Dept.	\$ 77,162		
FY 08-09 Expense	\$ (275,989)	FY 11-12 Expense	\$ (412,500)
Airport Grant Match	\$ (16,668)	Airport Grant Match	\$ (16,668)
FY 08-09 Debt Service	\$ (1,053,778)	Interest Earned	\$ 35,959
Transfer to Capital Projects Fund for Daniel Road purchase not included in financing	\$ (2,231,554)	FY 11-12 Debt Service	\$ (1,336,307)
Building Cash Available 6/30/09	\$ 902,704	Building Cash Available 6/30/12	\$ 2,183,635
FY 09-10 Sales Tax	\$ 908,890	FY 12-13 Sales Tax	\$ 896,527
FY 09-10 Property Tax	\$ 1,167,283	FY 12-13 Property Tax	\$ 1,238,672
Contribution from Court Facilities	\$ 46,367	Contribution from Court Facilities	\$ 46,367
FY 09-10 Expense	\$ (263,681)	FY 12-13 Expense	\$ (425,375)
Airport Grant Match	\$ (16,668)	Airport Grant Match	\$ (16,668)
Interest Earned	\$ 21,722	Interest Earned	\$ 43,825
FY 09-10 Debt Service	\$ (1,376,415)	FY 12-13 Debt Service	\$ (1,314,845)
Contribution from Health Dept.	\$ 77,162		
Building Cash Available 6/30/10	\$ 1,467,364	Building Cash Available 6/30/13	\$ 2,652,138
FY 10-11 Sales Tax	\$ 828,890	FY 13-14 Sales Tax	\$ 932,389
FY 10-11 Property Tax	\$ 1,190,573	FY 13-14 Property Tax	\$ 1,263,445
Contribution from Court Facilities	\$ 46,367	Contribution from Court Facilities	\$ 46,367
FY 10-11 Expense	\$ (400,000)	FY 13-14 Expense	\$ (438,636)
Airport Grant Match	\$ (16,668)	Airport Grant Match	\$ (16,668)
Interest Earned	\$ 31,617	Interest Earned	\$ 53,195
FY 10-11 Debt Service	\$ (1,357,789)	FY 13-14 Debt Service	\$ (1,297,258)
Building Cash Available 6/30/11	\$ 1,790,354	Building Cash Available 6/30/14	\$ 3,194,972

Please note that the above chart does not incorporate the County reimbursing itself for the portion of the Daniel Road property that has not yet been financed in the amount of \$2,231,554. If the County wishes to move forward with this financing, it will need to be done no later than the fall of 2010. This would increase these balances by \$2,231,554 and would help to leverage further financing of additional projects.

In the fall of 2007 a Long Range Building Study was presented to County Commissioners. In August, 2008 Commissioners approved certain projects to move forward. Those projects are listed in **Appendix F, Building Fund**. In November 2008, Commissioners put all the projects on hold with the

exception of completing the offsite storage building, the health department addition and the parking lot on North Washington and Third Street because of the economic conditions. Those delayed projects, with the exception of planning, and budgets are also included in **Appendix F, Building Fund**. The Board did state that the county could continue to plan these projects. Initial planning normally consists of professional services whereby schematic drawings and other preliminary work is completed. This phase of the project design represents approximately 2% of a project's cost. The Board has not fully discussed individual building cost. Some additional planning work may need to be accomplished before final decisions on how much to spend on each building is finalized. It is recommended that the planning on those previously approved Board projects continue with this initial planning. This is outlined in **Appendix F, Building Fund**. The total planning allocation request at this time is \$126,281. This \$126,281 is funded from the Building Fund.

The county is continuing to explore the road and grading costs in the Daniel Road project. In addition, we are continuing to monitor sales tax and property tax as these are the principle sources of funding for building projects.

IX. SCHOOLS CAPITAL RESERVE FUND

Sales tax, corporate income tax, (ADM funds) and lottery funds are the three main sources of revenue for the Schools Capital Reserve Fund. As stated in the County's recently issued debt report, county staff has updated projections for this fund over the past couple of months to reflect the drastic decline in sales tax that we began to see with our January 2009 sales tax distribution due to the economic downturn. The Article 40 and 42 sales taxes, which are based on the statewide economy and fund the Schools Capital Reserve Fund, had remained relatively flat for the six months ended December 2008 as compared to the previous year. However, the January and February distributions decreased 23%, the March distribution increased 8%, and the April distribution was down 20% as compared to the same months of the previous year. We had budgeted no growth in these articles of sales tax in FY2008-2009 but are now estimating a shortfall of approximately \$400,000 in sales tax revenue to this fund in this fiscal year alone. Our projections anticipate a further reduction of \$350,000 in sales tax to this fund in FY2009-2010 and no recovery of any of the losses until FY2011-2012. This fund had historically experienced a 4% average annual increase in sales tax.

Not only has the Schools Capital Reserve Fund had a declining sales tax revenue stream in the past few months, but County staff was also made aware of revised ADM fund projections provided by the State which have also decreased due to the decrease in corporate income taxes. In addition, we were notified at the end of February that the State would withhold approximately \$250,000 from the October to December 2008 quarterly distribution of ADM and lottery proceeds. In the Debt Report it was stated that "when the county and the schools mutually agreed to a three year, \$1,000,000 technology infusion beginning in FY2007-2008, it was stated that this would take the balance in the Schools Capital Reserve Fund lower than it had ever been, which was right at \$500,000. Due to unprecedented economic conditions resulting in declining sales tax, ADM and lottery figures, if future overflows previously planned from this fund move ahead without adjustment, the fund will have a negative balance of approximately \$2 million in FY2012-13." Since the release of the Debt Report, the Senate has proposed their version of the State's 2009-2011 biennial budget with would redirect county ADM funds to the State for the next two years further reducing the County's revenues for this fund by an additional \$828,022. The County responded by formally notifying our state legislators of our situation and how this would impact our school capital fund. We will monitor the State's budget process over the next couple of months to stay abreast of this potential redirection of County revenues.

County staff met with School Superintendent, Dr. John Kinlaw, to discuss efforts that could be made to reduce the projected negative balance in the fund. Projected expenditures which can be adjusted include the timing and/or the phasing in of the third phase of the schools technology plan in the amount of \$1 million, the furniture, equipment and contingency balance for Rutherfordton Elementary in the amount of \$1,450,000 and the annual miscellaneous building capital request for future years of approximately \$250,000 per year. Dr. Kinlaw and his staff are currently analyzing adjustments that can be made to these items to reduce this negative balance.

In addition, John Condrey, County Manager, and Julie Scherer, County Finance Director, met with Dr. Myra Johnson, ICC President, and Stephen Matheny, ICC Finance Director and mutually agreed to postpone the additional phasing in of the college receiving sales tax funds that had previously been used for schools. The college currently receives 6% of the Article 40 sales tax (or approximately 3% of the combined Articles 40 and 42) and were scheduled to receive 8% of Article 40 in FY2009-2010 and 10% of Article 40 in FY2010-2011, resulting in 5% of the combined Article 40 and 42 sales taxes. These increases will be postponed until FY2011-2012 and FY2012-2013.

X. WATER AND SEWER CAPITAL RESERVE FUND

Seven percent of the Article 30 one-cent sales tax and tap fees are the two main sources of revenue for the Water and Sewer Capital Reserve Fund. Current projections for this fund include the FY2009-2010 planned issuance of two-thirds GO Bonds for projects the Board approved in May 2008. We project this financing to be for a 20 year term like the previous two-thirds bond issuances that we have done for water and sewer projects. The projections include this at a rate of 5.5% which is approximately 1.5% higher than the two previous issuances. The rate that we actually receive will be based on the market at the time of issuance. The Water and Sewer Fund Balance is projected to be at a low of \$755,262 in FY2017-18.

XI. EQUIPMENT AND VEHICLE LEASE PURCHASE

The list of equipment and vehicles requested are in **Appendix G, Equipment and Lease Purchase**. Requests totaled \$331,285 and \$304,600 is recommended. A more detailed explanation for many equipment items appears in the Department Information Book. For the recommended list of equipment and vehicles, there is 5 months of debt service budgeted in FY2009-2010 which totals \$45,646. The debt service is budgeted at 5% on \$304,600 for 36 months with payments starting in FY2009-2010.

The items in this year's lease purchase recommendation are vehicles and vehicle equipment for the sheriff's department (\$276,274) a convection steamer for the detention center (\$10,250), and communication center equipment (\$18,076). The Sheriff's Department has also provided mileage justification that is included in **Appendix G, Equipment and Lease Purchase**. This year's recommendation is a substantial reduction compared to previous years. For example, the FY2008-2009 amended county budget includes \$1,519,638 for equipment/vehicles. This large reduction is a reflection of the economic conditions.

XII. ZERO BASED BUDGETING

During budget formulation for FY2009-2010, county departments were asked to prepare itemized and prioritized lists for travel and training, professional services, and part time salaries. Those can be found in individual department's budgets. **Appendix H, Zero Based Budgeting** lists those summary sheets for the above items.

Finally, every incremental expansion of county government each year is handled on a zero based budget basis.

XIII. STATISTICAL PROFILE OF RUTHERFORD COUNTY BUDGET AND TAX RATE

A full detailed report from the North Carolina Association of County Commissioners entitled Budget Tax Survey 2007-2008 is attached in **Appendix I, Statistical Profile of Rutherford County Budget and Tax Rate.**

These 2007-2008 selected examples from that survey offer a statistical glimpse of Rutherford County based on a statewide comparison with other counties. A brief analysis of these charts shows Rutherford County ranks 66 in population with 63,178 people. The county's number of employees rank 54 with 406 employees and budgeted expenditures rank 60 with \$61,412,310. The county's population rank (66) is 12 and 6 places higher than employees and expenditures respectively.

The county's tax rate of .53 is lower than the statewide average of .54. The county's valuation per capita \$90,069 is lower than the state average \$97,931 and tax levy per capita \$477 to \$549.

Rutherford County's current expense/ADM ranks 51 of 100 counties and is \$776 dollars below the state average. However, when the Total School Resources ADM is reviewed, Rutherford County ranks 55 and is within \$261 of the state average. This is a reflection of the aggressive building program under- taken jointly by the county and the school system.

<u>Population</u>		
Name of County	Number	Rank out of 100
Tyrell	4,240	1
Rutherford	63,178	66
Mecklenburg	826,893	100
Average	88,603	

<u>Employees</u>		
Tyrell	50	1
Rutherford	406	54
Mecklenburg	5,082	100
Average	637	

<u>Budgeted Expenditure 2007-2008</u>		
Tyrell	\$ 7,741,807	1
Rutherford	61,412,310	60
Mecklenburg	1,450,281,887	100
Average	106,259,881	

<u>Tax Rate</u>		
Carteret	.23	1
Rutherford	.53	31
Scotland	1.06	100
Average	.54	

<u>Valuation per capita</u>		
Robeson	41,070	1
Rutherford	90,069	66
Dare	497,203	100
Average	97,931	

<u>Tax Levy per Capita</u>		
Swain	291	1
Rutherford	477	50
Dare	1,293	100
Average	549	

<u>Local School System County Current Expense</u>		
Tyrrell	449,645	1
Rutherford	11,793,059	63
Mecklenburg	341,336,785	100
Average	23,537,133	

<u>Current Expense/ADM</u>		
Swain	406	1
Rutherford	1222	51
Dare	6880	100
Average	1998	

<u>Total School Resources of ADM</u>		
Roberson	744	1
Rutherford	1737	55
Dare	6880	100
Average	1998	

NOTE: The 2008-2009 Budget Tax Survey has yet to be posted.

XIV. TEN COUNTY DEPARTMENTAL SURVEY

The following chart represents the ten counties--five above and five below Rutherford County in population and their respective number of employees in total and per thousand population. Rutherford County has 406 full time employees or 6.42 per 1,000 people. In total number or employees per 1000 population, Rutherford County's 6.42 is well below the mean (8.29) and median (7.41) of the ten counties surveyed. For the purpose of our survey we did not include employees of the Health Department, who would have been included if it was a single county department. Also some counties have departments such as utilities which did not correspond to ours which can skew results. The total number of full time employees for the ten counties surveyed is as follows:

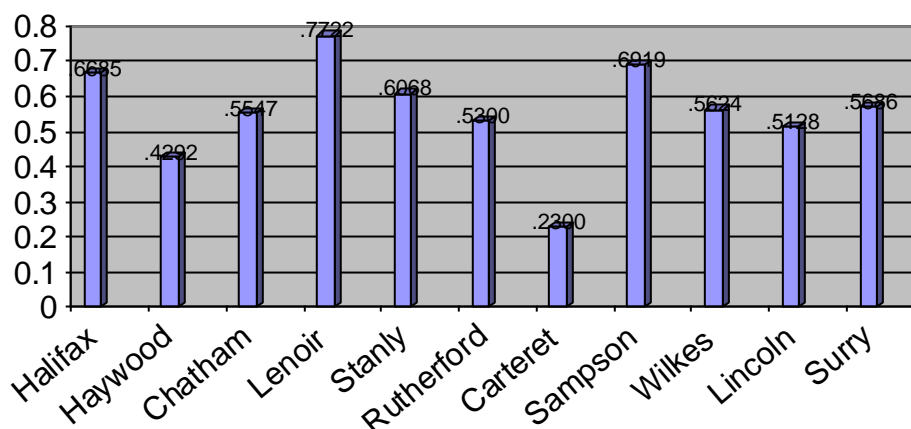
COUNTY EMPLOYEES

	Population	# of Employees	Employees /1,000 in population	Effective Tax Rate	Property Tax Revenue	Tax Per Capita
Halifax	56,606	559	9.87	.6685	22,154,493	398
Haywood	56,662	565	9.97	.4292	32,532,533	590
Chatham	57,707	428	7.41	.5547	41,964,002	749
Lenoir	58,172	455	7.82	.7722	26,362,426	483
Stanly	59,128	470	7.94	.6068	26,114,000	460
Rutherford	63,178	406	6.42	.5300	28,958,776	477
Carteret	63,588	420	6.60	.2300	41,745,356	671
Sampson	64,057	625	9.75	.6919	25,859,817	423
Wilkes	66,925	525	7.84	.5624	29,981,502	466
Lincoln	71,302	645	9.04	.5128	37,954,200	545
Surry	72,990	630	8.63	.5686	29,217,951	417

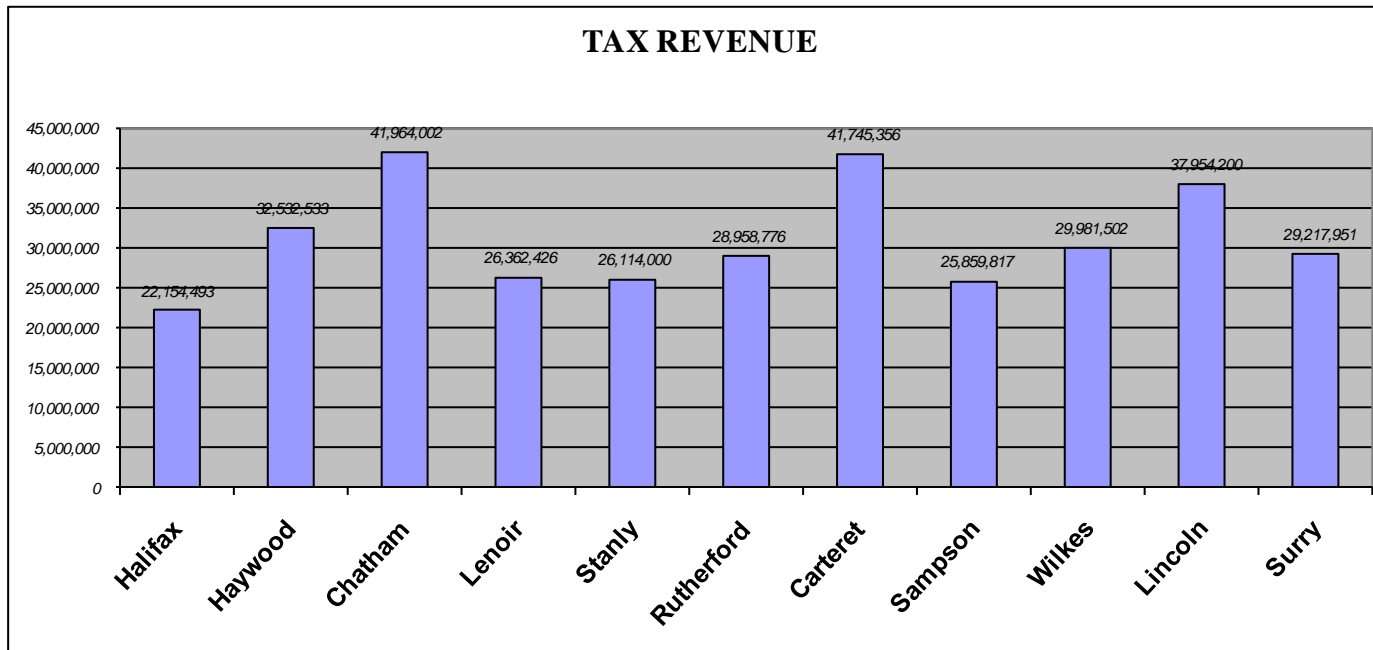
Three (3) other key factors on budget and tax are presented for your review-- effective tax rate, property tax revenue and tax levy per capita. These numbers were taken from the North Carolina Association of County Commissioners Final 2008-2009 Budget and Tax Survey Information. The report is also compiled from the information in **Appendix I, Statistical Profile of Rutherford County Budget and Tax Rate**.

We compare the effective tax rate per \$100 of the eleven counties by multiplying the actual tax rate times the corresponding sales assessment ratio. Actual tax rates and sales assessment ratios are found in **Appendix I, Statistical Profile of Rutherford County Budget and Tax Rate**. Using this formula we compared Rutherford County to the ten counties in our survey and find that Rutherford County has the fourth lowest effective tax rate of the eleven counties in our survey. The mean average tax rate for the eleven counties is .557 and the median is .5624.

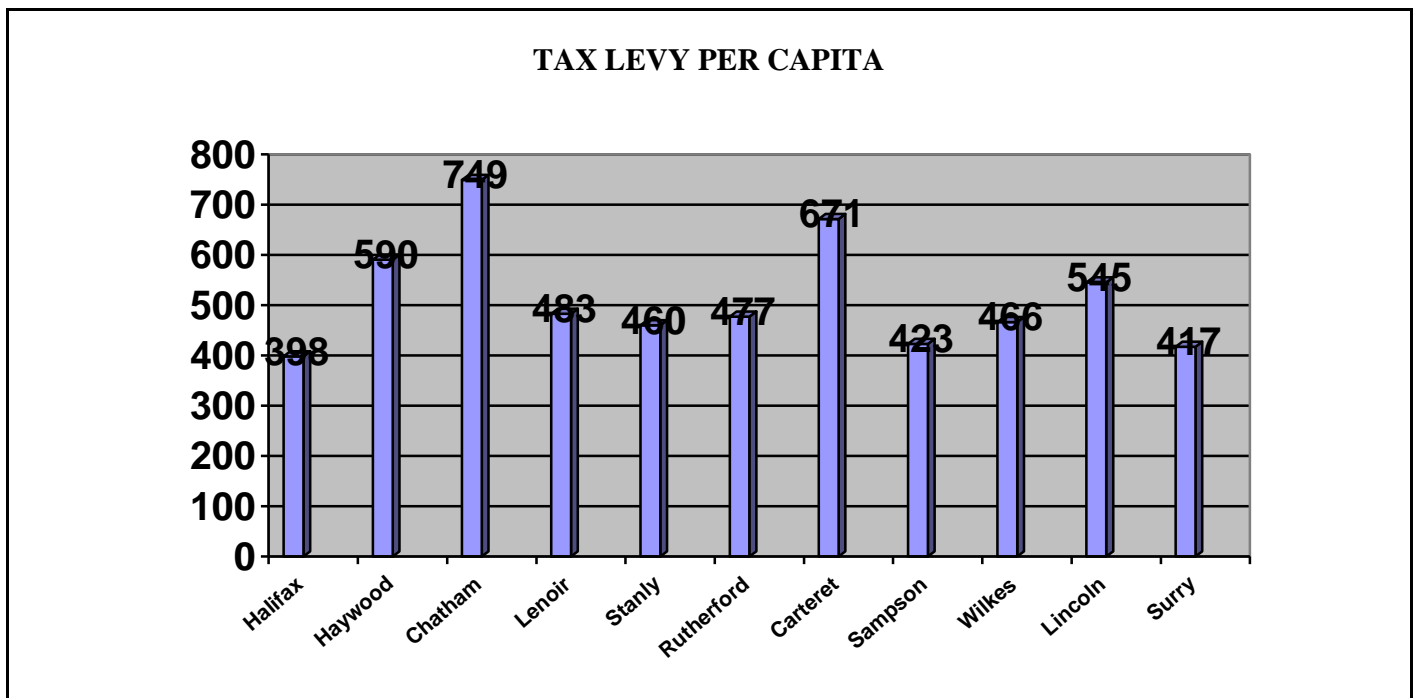
EFFECTIVE TAX RATE



The next analysis in this section is the property tax revenue and tax per capita. Rutherford County's property tax revenue is the fifth lowest of the eleven counties at \$28,958,776 and below the mean value (\$31,167,732) and the median value (\$29,217,951)



Rutherford County's property tax levy per capita (\$477) is the median of the eleven counties. The mean is 51.6. Rutherford County at .53 is slightly above the mean.



XV. DEPARTMENTAL COMPARISON

The county surveyed ten counties of comparable size to determine a departmental comparison. Of the ten, three of the surveys were returned. **See Appendix J, Departmental Comparison.**

Rutherford County's Tourism and Transit programs are stronger and more vital than in most counties. The Tourism Department is one of two Tourism Departments in the survey. Compared to the other county with a Tourism Department, Rutherford County is below both number of employees and operating budget. The Transit Department is also one of two Transit Departments in the survey. The Transit Department is above average in both employees and operating budget compared to other counties.

Last year nine departments fell below the mean numbers in both budget and employees. This year eight departments are below the mean which identifies the true average of all counties responding. These departments are: Administrative, Animal Control, Board of Elections, Library, Register of Deeds, Soil and Water, Inspections and Veterans.

Three departments show fewer employees but higher budgets: EMS, Senior Center, and DSS.

The Information Technology budget contains capital expenditures which accounts for about 50 percent of the budget. Eliminating these costs puts our IT department only slightly higher than the mean for all other counties in operational expenses. Employee counts are consistent with other counties.

The Cooperative Extension Department has more employees than average but operates with a lower budget.

The departments that show above average numbers in employees and budgets are: Communications, EDC, Detention, Maintenance, Sheriff, Solid Waste and Tax.

The Tax Department has higher numbers in both employees and budget. The Tax Department numbers are higher because within our Tax Department we have the GIS/ Mapping, Addressing and Sign Maintenance Departments. Very often these Departments are separated or are affiliated with other County Departments.

To summarize:

- Eight departments have fewer employees and lower budgets (Administrative, Animal Control, Board of Elections, Library, Register of Deeds, Soil and Water, Inspections and Veterans).
- Three departments have fewer employees and a higher budget (EMS, Senior Center, and Social Services).

Seven departments have more employees and a higher budget (Communications, EDC, Information Technology, Sheriff, Maintenance, Solid Waste, and Tax).

- The remaining 2 departments (Tourism, Transit) have little comparison with the counties surveyed.

XVI. FY2009-2010 GENERAL FUND REVENUE AND EXPENSE BY DEPARTMENT

GENERAL FUND REVENUE AND EXPENSE BY DEPARTMENT				
FISCAL YEAR 2009-2010				
			OTHER	COUNTY
DEPARTMENT	EXPENSE		REVENUE	REVENUE
GOVERNING BODY	293,838			293,838
SPECIAL APPROPRIATIONS				
RETIRED EMPLOYEES INS	4,000			4,000
JCPC PSYCH SVS	8,184		6,820	1,364
JCPC OTHER	166,823		166,823	0
CJPP	88,651		88,651	0
PRESERVATION NC	5,000			5,000
IPDC DUES	12,655			12,655
HICKORY NUT RESCUE CAP	20,000			20,000
VOL LIFE SAVING CAP	13,982			13,982
RUTHERFORD RESCUE CAPITAL	19,979			19,979
BECHTLER DOCUMENTARY	5,000			5,000
GRASSROOTS ARTS STATE GRANT	19,920		19,920	0
COUNTY HISTORIANS	6,000			6,000
INSURANCE POOL	383,949			383,949
JCPC ADMIN	5,875		5,875	0
SPECIAL APPROPRIATION GRANTS	302,384			302,384
INDIRECT COSTS OTHER FUNDS	-99,362			-99,362
COUNTY MANAGER	149,919			149,919
HUMAN RESOURCES	133,512			133,512
FINANCE	389,704			389,704
TAX SUPERVISOR	709,431		10,000	699,431
TAX COLLECTOR	314,899		100,000	214,899
LEGAL	75,000			75,000
COURT FACILITY	187,240		187,240	0
BOARD OF ELECTIONS	245,415		15,000	230,415
REGISTER OF DEEDS	273,088		490,500	-217,412
INFORMATION TECHNOLOGY	724,110		58,985	665,125
GARAGE	112,451			112,451
MAINTENANCE ADMIN	765,368			765,368
BUILDINGS	763,187		214,263	548,924
SHERIFF	4,793,698		230,285	4,563,413
ICC SECURITY OFFICER	48,993		52,500	-3,507
DETENTION CENTER	2,245,360		405,000	1,840,360
COMMUNICATIONS	1,065,780		92,000	973,780
BUILDING INSPECTOR	531,683		314,000	217,683
CORONER	50,400			50,400
EMERGENCY SERVICES	2,504,983		1,929,633	575,350

			OTHER	COUNTY
DEPARTMENT	EXPENSE		REVENUE	REVENUE
WATERSHED	21,115			21,115
FORESTRY	79,956			79,956
ECONOMIC DEVELOPMENT	1,218,890			1,218,890
COOPERATIVE EXTENSION	197,478			197,478
FARMERS MARKET	3,454			3,454
SOIL & WATER	104,964		26,000	78,964
HEALTH DEPT	277,151			277,151
MENTAL HEALTH	111,168		12,000	99,168
SENIOR CENTER	226,427		129,440	96,987
HOME DELIVERED MEALS	139,642		86,491	53,151
CONGREGATE MEALS	270,587		218,371	52,216
HEALTH SCREENING	21,334		8,240	13,094
UNITED WAY MEALS	28,000		28,000	0
VETERANS	71,080		2,000	69,080
PUBLIC SCHOOLS	12,146,850			12,146,850
SCHOOLS BLDG FUND	255,256		255,256	0
COMMUNITY COLLEGE	1,912,715			1,912,715
LIBRARY	575,851		165,943	409,908
ARTS PARKS AND RECREATION	78,791			78,791
DEBT SVS CAP LEASES	2,057,630		450,458	1,607,172
TRANS TO SCHOOL CAP RES	3,990,842		3,990,842	0
TRANS TO MAPPING FUND	236,563			236,563
TRANS TO REVALUATION RES	260,000			260,000
TRANS TO COUNTY BLDG RES PROP TX	1,167,283		1,167,283	0
TRANS TO COUNTY BLDG RES SALES TX	908,890		908,890	0
TRANS TO ROD AUTOMATION FUND	54,500		54,500	0
TRANS TO DSS FUND	3,557,326			3,557,326
TRANS TO ICC CAP RES FD	167,713		167,713	0
TRANS TO WATER/SEWER FUND	280,350		280,350	0
HEALTH INSURANCE CONTINGENCY	52,231			52,231
CONTINGENCY UTILITIES	-44,550			-44,550
AD VALOREM TAX			29,433,789	-29,433,789
INTEREST ON INVESTMENTS			125,000	-125,000
CABLE TV FRANCHISE FEES			44,000	-44,000
SALES TAX			3,939,650	-3,939,650
VEHICLE RENTAL TAX			12,500	-12,500
RENTS			3,200	-3,200
SALE OF COUNTY PROPERTY			15,000	-15,000
MISC REVENUE			10,800	-10,800
TRANSFER FROM INSURANCE FD			0	0
CAPITAL LEASES			304,600	-304,600
FUND BALANCE APPROPRIATED			1,760,984	-1,760,984
TOTALS	48,034,291		48,034,291	0
DSS FEDERAL/STATE REVENUE EXPENSE	9,036,773		9,036,773	
GRAND TOTALS	57,071,064		57,071,064	

XVII. RECOMMENDED FY2009-2010 GENERAL FUND REVENUES

RECOMMENDED FY 2009-2010 REVENUE BUDGET			
	FY 2008-09	FY 2008-09	FY 2009-10
	AMENDED	ESTIMATED	RECOMMENDED
REVENUE SOURCE	BUDGET	REVENUE	BUDGET
PENALTIES & INTEREST	257,500	287,500	287,500
PRIOR YEAR TAX	950,000	950,000	950,000
CURRENT YEAR TAX	30,074,421	29,359,985	29,363,572
TAX REFUNDS/RETURNS		-385,000	
1% SALES TAX	4,240,000	4,450,000	4,400,000
ART 44 HOLD HARMLESS	-150,000	-200,000	-395,000
1/2% SALES TAX (ART 40)	3,076,951	2,823,454	2,795,220
1/2% SALES TAX (ART 42)	3,058,823	2,803,622	2,362,225
ART 42 HOLD HARMLESS	0	0	-90,000
ADDITIONAL 1/2% SALES TAX (ART 44)	1,378,851	1,150,000	215,000
RENTAL VEHICLE GROSS RECEIPTS	12,500	12,500	12,500
REG OF DEEDS EXCISE STAMPS	468,000	208,000	208,000
ABC BOTTLE TAX	12,000	12,000	12,000
COURT JAIL FEES	45,000	45,000	45,000
DUI SAFE ROADS ACT	7,000	6,000	7,000
COURT OFFICER FEES	39,000	35,000	35,000
COURT FACILITY FEES	170,000	170,000	160,000
COURT FACILITIES RENT	5,400	5,400	5,900
COURTS PROC FEES CV	30,000	30,000	30,000
COURTS - MISC FEES/REVENUES	11,742	11,752	0
NC DEPT OF CORRECTIONS	105,000	170,000	130,000
JAIL TELEPHONE	33,600	40,000	35,000
DETENTION FEES-OTHER COUNTIES	500,000	220,000	240,000
MARRIAGE LICENSE	12,000	12,000	12,000
INSPECTION FEES	503,840	298,500	298,500
INSPECTION OTHER REVENUES	7,500	3,000	4,000
FIRE INSPECTION FEES	5,000	5,000	7,000
WATERSHED FEE	500	0	500
PLAN REVIEW FEES	9,000	2,000	4,000
MAP SALES	10,000	7,000	10,000
SALE OF COUNTY PROPERTY	30,000	10,000	15,000
ELECTIONS	0	18,567	15,000
REG OF DEEDS OTHER REV	455,000	325,000	325,000
DATA PROCESSING SERVICES	51,000	55,500	51,000
DSS IT CONTRACT	45,443	47,681	47,925
DONATIONS WALKING TRAIL	50,000	16,000	0
RUTHERFORD CENTER REVENUES	38,161	38,161	76,863
SHERIFF DEPT RECEIPTS	383,135	359,982	187,785
EMG MANAGEMENT	18,000	28,000	18,000
EMP GRANT	0	0	0
EMS BILLINGS	1,704,000	1,834,000	1,904,000
ANIMAL CONTROL	38,090	31,120	29,500
SOIL & WATER	28,000	25,200	26,000
MEDICAID HOLD HARMLESS REIMBURSE	0	-84,548	0
FARM CITY DONATIONS	950	950	0

	FY 2008-09	FY 2008-09	FY 2009-10
	AMENDED	ESTIMATED	RECOMMENDED
	BUDGET	REVENUE	BUDGET
SENIOR CENTER TITLE III	107,616	107,616	103,567
SENIOR CENTER STATE GRANT	4,181	4,363	0
GENERAL TRANS TITLE III	24,597	24,597	24,597
DONATIONS	500	7,406	100
UNITED WAY HOME DEL MEALS	28,000	28,000	28,000
SENIOR CENTER OUTREACH	1,200	1,200	1,176
MEDICARE EDUCATION GRANT	4,200	4,200	0
HOME DELIVERED MEALS	88,879	88,879	86,491
CONGREGATE MEALS	209,589	209,589	218,371
SEN CTR HEALTH SCREENING	7,770	7,770	8,240
VETERANS OFFICE	2,000	2,000	2,000
CRIMINAL JUSTICE PARTNERSHIP	88,651	88,651	88,651
JCPC	179,518	178,537	179,518
LIBRARY	175,030	172,419	165,943
RECREATION CULTURE HERITAGE	12,990	12,990	0
INTEREST ON INVESTMENTS	375,000	300,000	125,000
911 MONITORING FEE	75,000	70,000	70,000
CABLE TV FRANCHISE FEES	40,000	44,000	44,000
RENTS OTHER	3,200	3,200	3,200
RENTS AIRPORT	11,596	11,596	11,596
RENT HOUSE AIRPORT	2,400	2,400	2,400
AVIATION FUEL COMMISSION	4,000	1,800	2,000
AIRPORT SALE OF TREES	32,259	33,599	0
TRACKER LEASE	25,000	17,936	0
MISC REVENUE	98,230	212,357	94,702
CAPITAL LEASES	1,519,638	1,519,638	304,600
TRANSFER FROM 911	0	10,060	10,060
TRANSFER FROM MENTAL HEALTH INS	1,000,000	1,003,661	0
CONTRIBUTION ICC CAP RES	232,221	170,221	0
CONTRIBUTION SCHOOL CAP RES	243,101	243,101	255,256
CONTRIBUTION BUILDING RESERVE	275,989	275,989	137,400
CONTRIBUTION CONTRACTED FIRE	18,098	18,098	7,633
TRANSFER SCH CAP RES TECHNOLOGY	309,808	291,284	436,476
FUND BALANCE	1,766,985	645,997	1,760,984
COURT FACILITIES FUND BALANCE	35,746	43,506	21,340
TOTAL GENERAL FUND	54,718,399	51,094,986	48,034,291
DSS FEDERAL/STATE REVENUE	9,209,685	8,679,982	9,036,773
GRAND TOTAL BOTH FUNDS	63,928,084	59,774,968	57,071,064

XVIII. RECOMMENDED FY 2009-2010 GENERAL FUND EXPENDITURES

FY 2009-2010 RECOMMENDED GENERAL FUND EXPENSE BUDGET				
	FY 2008-09	FY 2008-09	FY 2009-10	FY 2009-10
	Original Budget	Amended Budget	Requested Budget	Recommended Budget
GOVERNING BODY				
SALARY/BENEFITS	199,436	203,476	207,204	207,204
OPERATING	94,135	85,350	83,450	83,450
CAPITAL	-	4,791	3,184	3,184
TOTAL	293,571	293,617	293,838	293,838
SPECIAL APPROPRIATIONS				
RETIRED EMPLOYEES INSURANCE	101,000	4,000	4,000	4,000
COMMUNITY CLINIC OF RUTHERFORD CO	5,408	5,408	10,000	-
JCPC PSYCHOLOGICAL SVS TO COURT	8,184	8,184	8,184	8,184
FOOTHILLS CONNECT (08-09 LAST YEAR)	100,000	100,000	50,000	-
JCPC (ALL RECIPIENT AGENCIES)	166,823	166,823	166,823	166,823
CRIMINAL JUSTICE PARTNERSHIP PROG	86,223	88,651	88,651	88,651
RUTHERFORD COUNTY TRAFFIC CONTROL	7,303	7,303	12,890	-
UPPER BROAD RIVER WATERSHED PROTECTION	10,000	10,000	-	-
PRESERVATION NC (09-10 LAST YEAR)	-	5,502	5,000	5,000
FARM MUSEUM ALLOCATION	-	4,000	4,000	-
BEAVER MANAGEMENT PROGRAM	-	-	4,000	-
WESTERN NC COMMUNITIES	2,500	2,500	2,500	-
RUTHERFORD SEARCH & RESCUE	1,181	1,181	2,000	-
FUTURE FORWARD	3,165	3,165	3,165	-
IPDC HOUSING PROGRAM	2,000	2,000	-	-
IPDC DUES	12,689	12,689	12,655	12,655
VOLUNTEER RUTHERFORD	800	800	1,000	-
FOOTHILLS CONSERVANCY OF NC	5,000	5,000	2,500	-
GENEALOGICAL SOCIETY OF OLD TRYON	4,800	4,800	4,800	-

	FY 2008-09	FY 2008-09	FY 2009-10	FY 2009-10
	Original Budget	Amended Budget	Requested Budget	Recommended Budget
RUTHERFORD RESCUE OPERATIONS	42,000	42,000	42,000	-
RUTHERFORD RESCUE CAPITAL	27,200	27,200	27,200	19,979
HNG OPERATIONS	98,392	98,392	111,580	-
HNG CAPITAL	20,000	20,000	20,000	20,000
VOLUNTEER LIFESAVING OPERATIONS	33,700	33,700	53,000	-
VOLUNTEER LIFESAVING CAPITAL	24,530	24,530	26,000	13,982
RUTHERFORD CO AIR RESCUE	5,805	5,805	6,000	-
BECHTLER MINING DOCUMENTARY	5,000	5,000	5,000	5,000
ARTS COUNCIL	-	-	5,000	-
04-05 CULTURAL RESOURCES GRANT	-	6,322	-	-
STATE GRANT 225 YR ANNIVERSARY	-	2,747	-	-
ELLENBORO DEPOT	4,000	4,000	-	-
CLIFFSIDE CLOCK REPAIRS			5,000	-
UNION MILLS LEARNING CENTER	-	-	7,000	-
PEARIDGE RURITAN CLUB	-	-	10,000	-
CONT TO CLIFFSIDE SANITARY	55,000	55,000	55,000	-
COPS ADMINISTRATIVE FEE	2,694	2,694	-	-
RURAL DEVELOPMENT	3,000	3,000	2,700	-
COUNTY HISTORIANS	6,000	6,000	6,000	6,000
INSURANCE POOL	386,759	355,658	383,949	383,949
JCPC ADMINISTRATION	5,875	5,875	5,875	5,875
GRASSROOTS ST GRANT (PASS THROUGH)	20,556	24,517	19,920	19,920
INDIRECT COSTS FROM OTHER FUNDS	(99,363)	(99,363)	(99,362)	(99,362)
SPECIAL APPROPRIATION GRANTS	-	-	-	302,384
TOTAL	1,158,224	1,055,083	1,074,030	963,040
COUNTY MANAGER				
SALARY/BENEFITS	136,869	141,257	142,633	142,633
OPERATING	11,861	8,630	7,286	7,286
CAPITAL	-	-	-	-
TOTAL	148,730	149,887	149,919	149,919

	FY 2008-09	FY 2008-09	FY 2009-10	FY 2009-10
	Original	Amended	Requested	Recommended
	Budget	Budget	Budget	Budget
HUMAN RESOURCES				
SALARY/BENEFITS	115,725	114,935	118,205	118,205
OPERATING	51,749	13,000	15,307	15,307
CAPITAL	-	-	-	-
TOTAL	167,474	127,935	133,512	133,512
FINANCE				
SALARY/BENEFITS	293,838	303,253	306,759	306,759
OPERATING	94,150	78,545	82,945	82,945
CAPITAL	-	-	-	-
TOTAL	387,988	381,798	389,704	389,704
TAX SUPERVISOR				
SALARY/BENEFITS	573,683	585,449	599,998	570,226
OPERATING	137,750	128,900	139,205	139,205
CAPITAL	-	-	-	-
TOTAL	711,433	714,349	739,203	709,431
TAX COLLECTOR				
SALARY/BENEFITS	300,606	309,753	308,550	282,734
OPERATING	38,865	32,165	32,165	32,165
CAPITAL	-	-	-	-
TOTAL	339,471	341,918	340,715	314,899
LEGAL	75,000	75,000	75,000	75,000
COURT FACILITY	201,231	223,310	187,240	187,240
BOARD OF ELECTIONS				
SALARY/BENEFITS	187,135	191,479	195,498	188,169
OPERATING	46,927	36,580	57,246	57,246
CAPITAL	-	-	-	-
TOTAL	234,062	228,059	252,744	245,415

	FY 2008-09	FY 2008-09	FY 2009-10	FY 2009-10
	Original Budget	Amended Budget	Requested Budget	Recommended Budget
REGISTER OF DEEDS				
SALARY/BENEFITS	230,425	233,262	237,506	219,723
OPERATING	62,265	51,165	53,365	53,365
CAPITAL	-	-	-	-
TOTAL	292,690	284,427	290,871	273,088
INFORMATION TECHNOLOGY				
SALARY/BENEFITS	314,971	324,329	323,368	323,368
OPERATING	398,501	326,390	400,742	400,742
CAPITAL	661,080	1,075,398	-	-
TOTAL	1,374,552	1,726,117	724,110	724,110
GARAGE				
SALARY/BENEFITS	97,599	100,601	101,869	101,869
OPERATING	10,082	6,893	10,582	10,582
CAPITAL	-	-	-	-
TOTAL	107,681	107,494	112,451	112,451
MAINTENANCE ADMINISTRATION				
SALARY/BENEFITS	670,998	687,085	705,034	687,755
OPERATING	104,043	82,493	79,613	77,613
CAPITAL	26,075	25,075	-	-
TOTAL	801,116	794,653	784,647	765,368
BUILDINGS				
OPERATING	596,421	631,516	625,787	625,787
CAPITAL	151,583	287,825	343,817	137,400
TOTAL	748,004	919,341	969,604	763,187
SHERIFF				
SALARY/BENEFITS	3,856,855	3,977,204	4,000,190	4,000,190
OPERATING	643,239	629,471	577,234	517,234
CAPITAL	420,862	420,862	276,274	276,274
TOTAL	4,920,956	5,027,537	4,853,698	4,793,698

	FY 2008-09	FY 2008-09	FY 2009-10	FY 2009-10
	Original Budget	Amended Budget	Requested Budget	Recommended Budget
ICC SECURITY OFFICER				
SALARY/BENEFITS		32,720	45,678	45,678
OPERATING		4,280	3,315	3,315
CAPITAL		-	-	-
TOTAL		37,000	48,993	48,993
DETENTION CENTER				
SALARY/BENEFITS	1,658,724	1,770,645	1,791,037	1,791,037
OPERATING	530,271	450,540	444,073	444,073
CAPITAL	23,452	23,603	10,250	10,250
TOTAL	2,212,447	2,244,788	2,245,360	2,245,360
COMMUNICATIONS				
SALARY/BENEFITS	855,161	879,835	904,707	897,408
OPERATING	164,595	143,021	171,810	150,296
CAPITAL	54,152	76,290	34,761	18,076
TOTAL	1,073,908	1,099,146	1,111,278	1,065,780
BUILDING INSPECTOR				
SALARY/BENEFITS	512,131	528,067	540,901	496,368
OPERATING	60,051	36,945	39,315	35,315
CAPITAL	-	-	-	-
TOTAL	572,182	565,012	580,216	531,683
MEDICAL EXAMINER/CORONER	50,400	50,400	50,400	50,400
EMERGENCY SERVICES				
SALARY/BENEFITS	2,165,393	2,202,834	2,222,371	2,222,371
OPERATING	346,112	275,580	312,612	282,612
CAPITAL	428,600	457,100	-	-
TOTAL	2,940,105	2,935,514	2,534,983	2,504,983

	FY 2008-09	FY 2008-09	FY 2009-10	FY 2009-10
	Original Budget	Amended Budget	Requested Budget	Recommended Budget
ANIMAL CONTROL				
SALARY/BENEFITS	115,421	121,730	127,005	127,005
OPERATING	70,737	69,532	56,474	52,974
CAPITAL	3,680	3,680	700	700
TOTAL	189,838	194,942	184,179	180,679
AIRPORT				
SALARY/BENEFITS	-	-	-	-
OPERATING	84,725	83,446	83,026	83,026
CAPITAL	53,154	110,328	-	-
TOTAL	137,879	193,774	83,026	83,026
WATERSHED				
OPERATING	21,550	21,119	21,115	21,115
FORESTRY	78,403	78,403	79,956	79,956
ECONOMIC DEVELOPMENT				
SALARY/BENEFITS	143,222	147,725	144,822	144,822
OPERATING	507,812	331,262	416,207	325,207
GRANT PAYMENTS	-	-	339,116	339,116
DEBT SERVICE	432,360	432,360	409,745	409,745
TOTAL	1,083,394	911,347	1,309,890	1,218,890
COOPERATIVE EXTENSION				
SALARY/BENEFITS	189,616	189,616	192,267	182,578
OPERATING	18,207	15,121	14,900	14,900
CAPITAL	11,489	14,889	-	-
TOTAL	219,312	219,626	207,167	197,478

	FY 2008-09	FY 2008-09	FY 2009-10	FY 2009-10
	Original Budget	Amended Budget	Requested Budget	Recommended Budget
FARMERS MARKET				
SALARY/BENEFITS	3,054	3,054	3,128	3,128
OPERATING	465	350	326	326
CAPITAL	-	-	-	-
TOTAL	3,519	3,404	3,454	3,454
SOIL & WATER				
SALARY/BENEFITS	85,611	88,247	87,020	87,020
OPERATING	20,050	16,848	17,944	17,944
CAPITAL	-	-	-	-
TOTAL	105,661	105,095	104,964	104,964
HEALTH DEPT	277,151	277,151	277,151	277,151
MENTAL HEALTH	111,168	111,168	111,168	111,168
CONT TO DRUG COURT	-	21,854	-	-
SENIOR CENTER				
SALARY/BENEFITS	152,844	156,468	162,427	154,764
OPERATING	80,410	77,250	71,663	71,663
CAPITAL	-	15,356	-	-
TOTAL	233,254	249,074	234,090	226,427
	FY 2008-09	FY 2008-09	FY 2009-10	FY 2009-10
	Original Budget	Amended Budget	Requested Budget	Recommended Budget
HOME DELIVERED MEALS				
SALARY/BENEFITS	50,966	52,407	61,861	57,069
OPERATING	82,738	80,064	82,573	82,573
CAPITAL	-	-	-	-
TOTAL	133,704	132,471	144,434	139,642

	FY 2008-09	FY 2008-09	FY 2009-10	FY 2009-10
	Original Budget	Amended Budget	Requested Budget	Recommended Budget
CONGREGATE MEALS				
SALARY/BENEFITS	129,660	131,981	142,446	134,465
OPERATING	134,436	131,486	136,122	136,122
CAPITAL	-	-	-	-
TOTAL	264,096	263,467	278,568	270,587
HEALTH SCREENING				
SALARY/BENEFITS	17,601	17,779	17,407	16,073
OPERATING	6,643	5,529	5,261	5,261
CAPITAL	-	-	-	-
TOTAL	24,244	23,308	22,668	21,334
UNITED WAY MEALS				
SALARY/BENEFITS	4,842	4,842	5,830	5,830
OPERATING	23,158	23,158	23,158	22,170
CAPITAL	-	-	-	-
TOTAL	28,000	28,000	28,988	28,000
VETERANS				
SALARY/BENEFITS	67,728	67,690	69,754	65,975
OPERATING	6,770	4,510	5,105	5,105
CAPITAL	-	-	-	-
TOTAL	74,498	72,200	74,859	71,080
PUBLIC SCHOOLS	12,146,850	12,146,850	12,204,850	12,146,850
SCHOOL CAPITAL OUTLAY	243,101	243,101	255,256	255,256
ISOTHERMAL COMMUNITY COLLEGE				
CURRENT EXPENSE	1,920,115	1,920,115	1,912,715	1,912,715
CAPITAL	-	232,221	-	-
TOTAL	1,920,115	2,152,336	1,912,715	1,912,715
LIBRARY				
SALARY/BENEFITS	392,762	403,755	409,763	409,763
OPERATING	94,839	82,113	86,876	86,876

CAPITAL	92,880	99,831	79,212	79,212
TOTAL	580,481	585,699	575,851	575,851
	FY 2008-09	FY 2008-09	FY 2009-10	FY 2009-10
	Original	Amended	Requested	Recommended
	Budget	Budget	Budget	Budget
ARTS PARKS AND RECREATION				
SALARY/BENEFITS	53,940	55,655	56,041	56,041
OPERATING	35,770	31,920	22,750	22,750
CAPITAL	20,000	4,058	10,000	-
TOTAL	109,710	91,633	88,791	78,791
DEBT SVS CAP LEASES-COUNTY	1,519,885	1,526,013	1,575,508	1,575,508
DEBT SVS CAP LEASES-SCHOOLS	309,808	309,808	436,476	436,476
09-10 DEBT SVS			49,645	45,646
TRANS TO SCHOOL CAP RES	4,727,628	4,727,628	3,990,842	3,990,842
TRANS TO MAPPING			240,063	236,563
TRANS TO REVALUATION RES	260,000	260,000	260,000	260,000
PROP TAX TRANS TO COUNTY BLDG RES	1,191,707	1,191,707	1,167,283	1,167,283
SALES TAX TRANS TO COUNTY BLDG RES	1,223,529	1,223,529	908,890	908,890
TRANS TO REG OF DEEDS FUND	93,500	93,500	54,500	54,500
CONTRIBUTION TO DSS	6,300,991	6,229,583	3,563,576	3,557,326
CONTRIBUTION TO GRANT FD		8,800		
TRANS TO WATER & SEWER FUND	286,300	286,300	280,350	280,350
TRANS TO ICC CAP RES	184,617	184,617	167,713	167,713
HEALTH INSURANCE CONTINGENCY	276,501		52,231	52,231
CONTINGENCY PERFORMANCE PAY	68,160	68,160	-	-
CONTINGENCY UTILITIES				(44,550)
CONTINGENCY BUDGET REDUCTIONS		940,347		
CONTINGENCY FUEL	160,000	160,000	-	-
TOTAL GENERAL FUND	53,399,779	54,718,399	48,892,733	48,034,291
DSS REVENUES	8,792,798	9,209,685	9,043,023	9,036,773
TOTAL INCLUDING DSS	62,192,577			57,071,064

		63,928,084	57,935,756	
	FY 2008-09	FY 2008-09	FY 2009-10	FY 2009-10
	Original	Amended	Requested	Recommended
	Budget	Budget	Budget	Budget
TOTAL SALARYFRINGE	13,576,816	13,994,413	14,185,601	14,000,552
TOTAL OPERATING	4,579,327	3,990,892	4,176,237	3,963,235
DSS TOTAL	15,093,789	15,439,268	12,606,599	12,594,099
DEBT SVS CAP LEASES-COUNTY	1,952,245	1,958,373	2,034,898	2,030,899
TRANS TO MAPPING			240,063	236,563
EDC GRANT PAYMENTS	-	-	339,116	339,116
CONTINGENCY HEALTH INSURANCE	276,501	-	52,231	52,231
CONTINGENCY PERFORMANCE PAY	68,160	68,160	-	-
CONTINGENCY BUDGET REDUCTIONS		940,347		
CONTINGENCY UTILITY REDUCTION				(44,550)
CONTRIBUTION TO GRANT FD		8,800		
CONTINGENCY FUEL	160,000	160,000	-	-
TOTAL COUNTY DEPARTMENTS	35,706,838	36,560,253	33,634,745	33,172,145
PUBLIC SCHOOLS CURRENT EXPENSE	12,146,850	12,146,850	12,204,850	12,146,850
COMMUNITY COLLEGE CURRENT EXP	1,920,115	1,920,115	1,912,715	1,912,715
TRANS TO SCHOOL CAP RES	4,727,628	4,727,628	3,990,842	3,990,842
TRANS TO COUNTY BLDG RES	2,415,236	2,415,236	2,076,173	2,076,173
TRANS TO COMMUNITY COLLEGE CAP RES	184,617	184,617	167,713	167,713
ICC CAPITAL		232,221		
ICC SECURITY	-	37,000	48,993	48,993
DEBT SVS CAP LEASES-SCHOOLS	309,808	309,808	436,476	436,476
SPECIAL APPROPRIATIONS	1,158,224	1,055,083	1,074,030	963,040
COUNTY CAPITAL	1,947,007	2,619,086	758,198	525,096
PUBLIC SCHOOLS CAPITAL OUTLAY	243,101	243,101	255,256	255,256
HEALTH DEPT	277,151	277,151	277,151	277,151

	FY 2008-09	FY 2008-09	FY 2009-10	FY 2009-10
	Original	Amended	Requested	Recommended
	Budget	Budget	Budget	Budget
TRANS TO REVALUATION RES	260,000	260,000	260,000	260,000
TRANS TO WATER & SEWER FUND	286,300	286,300	280,350	280,350
COURT FACILITIES	201,231	223,310	187,240	187,240
MENTAL HEALTH	111,168	133,022	111,168	111,168
FORESTRY	78,403	78,403	79,956	79,956
TRANS TO REG OF DEEDS FUND	93,500	93,500	54,500	54,500
LEGAL	75,000	75,000	75,000	75,000
MEDICAL EXAMINER/CORONER	50,400	50,400	50,400	50,400
TOTAL OTHER APPROPRIATIONS	12,418,774	13,300,866	10,183,446	9,839,354
GRAND TOTAL	62,192,577	63,928,084	57,935,756	57,071,064

XIX. OTHER FUNDS

County Building/School/Water and Sewer Capital Projects Funds

If the Board approves, the County Building, Schools and Water and Sewer Capital Projects unexpended FY2008-2009 balances will be re-budgeted.

Register of Deeds (ROD) Automation Enhancement Fund

The ROD Enhancement Fund was established by the General Assembly to provide a dedicated revenue source for ROD hardware and software expenses. The fund is to receive 10% of the ROD revenue. For FY2009-2010 this is estimated to be \$54,500. Estimated revenues and expenses for this fund are:

REVENUES

Transfer from General Fund	<u>\$54,500</u>
Total Revenues	\$54,500

EXPENSES

Salaries/Fringe	\$ 17,786
Capital Outlay	\$ 15,320
Reserved for future projects	<u>\$ 21,394</u>
Total Expenses	\$ 54,500

E-911

The revenue stream for the E911 budget comes from landline and wireless monthly charges of 70 cents and 80 cents per phone line, respectively, that the State collects from telecom companies and then distributes to eligible Public Service Access Points (PSAP) (which the County is). The process of collecting and distributing the landline surcharge as well as the expenditures eligible to be charged to this fund has drastically changed over the past 18 months.

The legislature enacted a statewide landline fee of 70 cents effective January 1, 2008 to replace all locally enacted landline fees. This was done in an effort to make the landline fee uniform across the State. Rutherford County's locally enacted fee had been 98 cents. From January 1, 2008 forward, all fees collected by the telecoms are submitted to the State 911 Board who then distributes the funds to the PSAPs. We have been guaranteed by the state that we will receive annually no less than what we received in FY 2006-2007, the last full fiscal year which included our locally enacted fee of 98 cents. In addition to the changes in the fees, the State 911 Board revised as recently as November 2008 the list of eligible expenditures that 911 charges may be used for. This list is much more restrictive than in the past. For example, in the past we used the 911 funds to pay for all addressing and road sign maintenance. Now road sign maintenance is no longer eligible and the only addressing charges that are eligible are those functions that are “implemental to receiving and utilizing voice and data at the appropriate PSAP”. We had also previously charged a larger portion of the GIS staff salary to 911 than we are now allowed to charge.

As part of this transition process, the legislature allowed the fund balance attributable to landline fees as of December 31, 2007 to be transferred out of the 911 fund to be used for other governmental purposes during FY 2007-2008. The fund balance at December 31, 2007 was \$722,608. Due to the fact that we were unclear on what expenditures would be allowed beginning July 1, 2008, we transferred \$250,000 of the \$722,608 to the Mapping Fund. This transfer covered expenditures in FY 2008-2009 that we were to find out later were no longer 911 eligible. The remaining \$472,608 of the \$722,608 was transferred to the General Fund.

All PSAPs must provide annually a very detailed accounting of how 911 funds are expended. Due to the complicated technical aspects of what is considered eligible, the County Finance, GIS, IT and Communications staff met to compile a list of what we believe are eligible expenditures and have been working closely with state 911 Board representatives to maximize the use of 911 funds available to us. Unfortunately, annual expenditures that are now ineligible amount to \$236,563. These expenditures are now accounted for in the Mapping Fund (discussed below) and a transfer from the General Fund to the Mapping Fund of this amount is recommended in FY 2009-2010. The NCACC has made it a legislative goal to have the list of eligible expenditures from 911 funds expanded.

Revenues and expenditures of the E911 fund are:

REVENUES

911 Charges from State 911 Board	<u>\$550,000</u>
Total Revenues	\$550,000

EXPENSES

Salaries/Fringe	\$ 58,101
Telephone Expense	95,000
Software/Hardware Maintenance	119,238
Operations	5,900

Capital Outlay	77,150
Debt Service	79,480
Contribution to General Fd-IT Services	10,060
Reserve for Future Projects	<u>105,071</u>
Total Expenses	\$550,000

The County's orthophotography is currently being flown and was included in the FY 2008-09 budget. Any unexpended balances from this project will be carried forward to FY 2009-10. The most recent update prior to this was in 2005. These updates must be done every few years to incorporate new roads and developments that alter terrain and need to be available for E911 personnel to view to make decisions on best access and means of handling emergency situations. Having current data also is important to citizens, developers and county/city departments to make informed decisions about terrain, ground cover and access questions. The State 911 Board policies and procedures include a presumption that base maps must be periodically replaced; and that a reasonable replacement cycle is four (4) years.

Grant Fund

The recommended FY2009-2010 grant fund is comprised of the following continuing grants:

Airport Improvements
High School Resource Officer
CDBG Housing Rehabilitation
Urgent Repair Program Grant
Rural Center Building Revenue Grant
One NC Fund Grant
Golden Leaf Fiber Grant
Appalachian Regional Commission Fiber Grant

REVENUES

Rutherford County School Board	\$154,301
Airport Grants	150,000
County Airport Match	<u>16,667</u>
Total Revenues	\$ 320,968

EXPENSES

High School Resource Officers	154,301
Airport Projects	<u>166,667</u>
Total Expenses	\$ 320,968

If the Board approves, carry over balances from FY2008-2009 grants will be re-budgeted with June 30, 2009 unexpended balances.

Reappraisal/Mapping Fund

The FY2009-2010 Revenues and Expenses for the Reappraisal/Mapping Fund are as follows:

REVENUES:

Private Road Signs	\$ 1,000
Transfer from General Fund-Reappraisal	\$260,000
Transfer from General Fund-Mapping	\$ 236,563
Fund Balance Appropriated	<u>\$ 49,570</u>
Total Revenues	\$547,133

EXPENSES:

<u>Reappraisal</u>	
Salary/Fringe	\$257,613
Operating	<u>\$ 32,815</u>
Total Reappraisal	\$290,428
<u>Mapping</u>	
Salary/Fringe	\$ 182,720
Professional Services	18,100
Road Sign Maintenance	15,000
Programming Services	7,500
Operations	22,385
Capital Outlay	<u>11,000</u>
Total Mapping	<u>\$ 256,705</u>
Total Expenses	\$ 547,133

Transit Fund

The Transit Advisory Board has submitted the following budget:

REVENUES

Elderly & Handicap Funds	\$ 91,185
RGP Receipts from riders	20,000
State Grant RGP	79,725
State Administration Grant	162,854
State Grant Vehicle Purchase	277,200
Sale of Property	8,000
Van and Advertising Revenue	3,000
Contribution from Outside Agencies	522,011
Fund Balance Appropriated	<u>7,858</u>
Total Revenues	\$ 1,171,833

EXPENSES

Salaries/Fringe	\$ 644,803
Operations (other than below)	55,525
Capital Outlay	317,135
Fuel	100,000
Insurance	38,870
Five Year Plan	7,500
General Fund Indirect Costs	<u>8,000</u>
Total Expenses	\$1,171,833

There are no county funds budgeted for Transit. The fund generates revenues from its users and from grants made by the state and federal governments. Demand for services has increased and is expected to continue as the demand for Medicaid transportation increases. A seasonal shuttle to Chimney Rock and Lake Lure is planned. Transit currently has 23 vans in their fleet and estimates 600,000 miles for next year. The budget includes replacing seven vehicles, one of which will add a second light transit vehicle (18 passenger capacity) to the fleet.

Solid Waste

The proposed Solid Waste budget is based on a county operated Construction and Demolition (C&D) landfill with Municipal Solid Waste (MSW) and Industrial Solid Waste being disposed of in an out of county landfill at a cost of \$30.52 per ton. It is estimated that 64,000 tons of waste will be processed during fiscal year 2009-2010 and that 68% of this waste stream will be hauled out of the county. Therefore, \$1,325,000 is budgeted for contracted waste disposal. This expense makes up 36% of the solid waste fund \$3,666,639 budget.

The revenue for the solid waste fund comes from a \$37 per ton tipping fee and a \$100 annual household user fee for those county residents who do not reside in a municipality. These fees are unchanged from fiscal year 2008-2009. In addition, in FY2008-2009 the State established a \$2 per ton fee on municipal solid waste and construction and demolition debris as a result of the North Carolina General Assembly passing the Solid Waste Act of 2007. This statewide solid waste disposal tax is collected at the Landfill and submitted to the State. After the State's costs of administration have been taken, the funds will be used for inactive hazardous sites cleanup and to fund grants to State agencies and units of local government to initiate or enhance local recycling programs to provide for the management of difficult to manage solid waste, including abandoned mobile homes and household hazardous waste. The County expects to receive \$39,772 from the State in FY2009-2010 from this fund.

The Solid Waste Disposal Tax Revenues will be used to fund the costs of a new SWEEP part-time position (\$13,000) to assist with recycling efforts in the schools. Also, as of July 1, 2009 the Landfill will begin collecting the \$2 from the NC Department of Transportation and in FY2010-11 will begin charging the schools and college. A goal of the Recycling Specialist will be to reduce the waste going to the landfill through recycling and education efforts. The debt service (\$145,732 annually) for the convenience centers will be satisfied in October 2011. The budget contains funding to operate nine convenience centers and one manned green box site.

Operating hours for the convenience centers are:

6 AM – 8 PM Monday-Friday
8 AM – 8 PM Saturday
1 PM – 6 PM Sunday

Operating hours for the manned green box site (Hollis) are:

8:30 AM- 6:30 PM Monday, Wednesday, Friday, and Saturday

A recap of Revenues and Expenses for the Solid Waste Fund are as follows:

REVENUES

Household User Fees	\$1,700,000
Tipping Fees	1,349,000
Recycling Revenues	70,000
NC DENR (\$2 ton) Fees	75,000
Tire Disposal	122,000
White Goods	26,500
Interest Earnings	26,215
License Fees	800
Solid Waste Disposal Tax	39,772
Fund Balance Appropriated	<u>257,352</u>
Total Revenues	\$3,666,639

EXPENSES

<u>Collections</u>	
Salaries/Fringe	\$ 722,815
Operations	147,950
General Fund Indirect Costs	29,667
Debt Service	<u>192,604</u>
Total Collections	\$1,093,036

<u>Disposal</u>	
Salaries/Fringe	\$ 466,915
Waste Disposal Contract	1,325,000
NC DENR Fees (\$2 ton)	125,000
General Fund Indirect Costs	37,759
Operations	559,729
Debt Service	49,200
Capital Outlay C&D Expansion	<u>10,000</u>
Total Disposal	<u>\$2,573,603</u>
Total Expenses	\$3,666,639

Tourism

Based on a continued 5% occupancy tax the Tourism Development Authority Board has presented the following budget:

REVENUES

Occupancy Tax	\$530,000
Office Rental	4,800
Promotional/Merchandise Sales	7,000
Miscellaneous Revenue	500
Interest	12,000
Fund Balance Appropriated	<u>52,700</u>
Total Revenues	\$607,000

EXPENSES

Salaries/Fringe	\$203,203
Advertising/Marketing	205,759
Printing/Postage	41,000
Visitor Center Expense-Forest City	11,200
Hickory Nut Gorge Contract	55,000
Capital Outlay	2,500
General Fund Indirect Costs	23,938
Operations	<u>64,400</u>
Total Expenses	\$607,000

The budget request reflects revenues at FY2008-2009 estimated. Occupancy tax has experienced an 8.5% decrease over the prior year. The TDA Board is making plans to increase awareness of the area through its Stakeholder Services program. The program will enable the TDA to work more with county organizations and to aid all the County's stakeholders, including area lodgings, attractions, restaurants, event organizers, elected and civil leaders, small businesses, chambers of commerce, and citizens. TDA hopes the new program will attract more people to visit and stay overnight within Rutherford County. Also, more electronic marketing methods and publications will keep the marketing program strong during these challenging economic times.

Special Districts

It is not possible to provide special districts' requests at this time. We have asked the special districts be completed on or before May 8, 2009. We will provide you with these requests as soon as they are available.

XX. SUMMARY OF RECOMMENDED BUDGETS FOR ALL FUNDS

General Fund	\$ 48,034,291
DSS Fund	12,594,099
E911 Addressing Fund	550,000
ROD Automation Enhancement	54,500
Grant Fund	320,968
Reappraisal/Mapping Fund	547,133
ICC Capital Reserve Fund	174,713
Water/Sewer Capital Reserve Fund	294,167
Schools Capital Reserve Fund	6,928,706
County Building Reserve Fund	2,221,424
Debt Service Fund	8,165,265
Transit Fund	1,171,833
Solid Waste Fund	3,666,639
Tourism Fund	<u>607,000</u>
 GRAND TOTAL ALL FUNDS	 \$ 85,330,738

I would like to thank the county department heads for their work on their individual budgets and the survey. Also, I would like to individually recognize Paula Roach, Julie Scherer, Judy Toney, Hazel Haynes, Debra Conner and Brooke Watson for their many hours in preparing this report.

Respectfully submitted,

A handwritten signature in black ink that reads "John W. Condrey". The signature is fluid and cursive, with the first letters of each word being capitalized and prominent.

**John W. Condrey
County Manager
April 29, 2009**

Copies of the recommended budget will be available in the Clerk to the Board's Office and the County Library for public review. Individuals desiring a personal copy may purchase them from the county for \$40. The approved budget will be available for purchase at a cost of \$50. Please order your copies from the Finance Office and allow five working days for delivery. These documents will also be available online @ www.rutherfordcountync.gov.